Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 75
Bahrain .. Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr. 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan .... Fils 500	Spain .... Pts 100
Cyprus .. Mils 600	Kuwait .... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon ... £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland Fr 2.00
Finland .. Fmk 5.50	Malaysia .. Rm 4.75	Taiwan ... NT $65
France .. FFr. 6.00	Mexico Pes. 300	Tunisia .. Din 0.500
Germany . DM 2.70	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,245 Monday February 13 1984 D 8523 B

Saudis attempt to set up Lebanon peace talks, Page 2

NEWS SUMMARY

GENERAL

French plea to Thatcher on EEC

French President François Mitterrand, speaking on French television, last night made a plea to British Premier Margaret Thatcher not to ask too much from the European Community.

"She thinks she pays too much and she pays a lot" he said, promising to do everything possible to help resolve the present EEC crisis.

Mr Mitterrand renewed French demands for the dismantlement of the monetary compensatory amounts system in the Common Agricultural Policy.

After a two-day meeting of French and Spanish ministers, French Foreign Minister Claude Cheysson said France was keen to see negotiations for Spain's EEC entry completed by the end of September. Page 20

Beirut evacuation

Evacuation of 2,500 foreigners from West Beirut was completed yesterday. Saudi mediator Rafiq Hariri was trying to set up talks between the foreign ministers of Lebanon, Syria, and Saudi Arabia, on the Lebanon situation. Israeli Cabinet began a re-examination of its policy on Lebanon. Page 2

Guerrillas kill pilot

Guerrillas killed an Australian pilot in an attack on a construction site in southern Sudan, and abducted six other foreign workers.

Socialists stay

Swiss Social Democratic Party conference rejected a move to leave the country's Conservative-dominated coalition. Page 2

Hijacker arrested

Jean-Philippe Windsor, 34, armed with a submachinegun, hijacked an American Airlines jet at Port au Prince, Haiti, and ordered it to fly to New York — its planned destination. He was arrested on arrival.

Volcanoes on Venus

U.S. spacecraft have revealed evidence of gigantic, active volcanoes on the planet Venus, said the U.S. National Aeronautics and Space Administration.

Pan Am jet skids

A Pan American Boeing crashed at Tegel airport, Berlin, when a collapsed nose wheel caused it to skid off the icy runway. The 14 passengers and five crew were evacuated safely.

Haiti elections

Haiti's capital Port au Prince seemed apathetic, but rural areas more enthusiastic as the country voted to elect 59 national assembly members from 306 candidates yesterday.

Salvadorean sweep

El Salvador's army said it killed 62 guerrillas and overran a rebel stronghold in a northern sweep aimed at securing territory before March elections.

Peking women's day

More than 2,000 lawyers and law teachers gave free advice to women at 108 public booths in Peking yesterday on what was designated women's rights day.

Nazi helpers freed

Two Frenchmen, whose death sentences for collaborating with the Nazis were commuted in 1956 to life imprisonment and then in 1970 to 20 years' jail, have been released, having completed their terms. They were Jean Barbier and Jacques Vasseur.

Briefly...

British painter Tom Keating, whose fakes fooled the art world for a decade, died, aged 66.

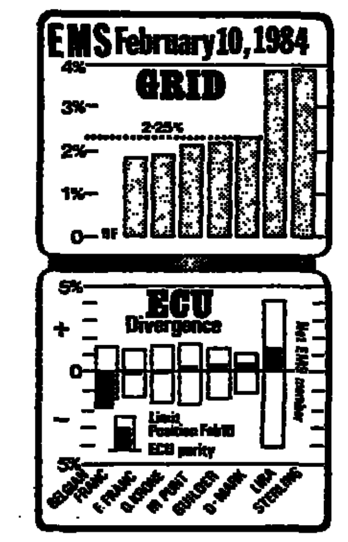
BUSINESS

Chinese, Soviets to step up trade

CHINA and the Soviet Union signed an agreement to increase their annual two-way trade by 50 per cent, with barter deals of up to $1.2bn this year. Page 4

WELFARE STATE spending is likely to come under strong pressure in the next decade, says an OECD report to be discussed in Paris today by the finance ministers of major industrial countries. Page 20

THE BELGIAN franc lost ground within the European Monetary System last week. The Belgian central



bank was again active in currency markets, trying to bring the franc within its maximum divergence spread, which it has been outside since September.

Renewed pressure reflected the dollar's weaker tone and a persistent switching of funds into D-Marks. This in turn pushed up the German unit, which stands below Italy's lira at the top of the EMS.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

INMOS, the British technology group, should not be sold by the UK Government for less than $200m, say U.S. advisers. Page 8

BANCO AMBROSIANO liquidators have negotiated a draft formula, involving a contribution of $250m by the Vatican Bank, for a settlement with creditors. Page 20

ARGENTINA'S lower house, after a weekend of debate, approved a Bill to reform the trade union movement. Page 3

LONG ISLAND LIGHTING has decided to pull out of a partnership agreement for a half-built nuclear power plant on Lake Ontario, in which it has invested $500m. Page 3

UK GOVERNMENT faces a major parliamentary challenge this week on its Telecommunications Bill, which is to open the way for privatisation of British Telecom. Page 8

SIKORSKY, the U.S. helicopter maker, is at an advanced stage in talks with the Brazilian Government to set up a joint venture for making helicopters in Brazil. Page 4

IRAN has cut imports as its ports and distribution industry cannot cope. Page 4

THE FTSE 100, a new index based on minute-by-minute movements of 100 leading companies listed on the London Stock Exchange, is launched today. Page 8

The International Edition of the Financial Times today adds to its statistical coverage the full daily prices of U.S. over-the-counter stocks traded on the Nasdaq national market. The prices appear today on Pages 26-27.

Moscow may decide to appoint interim leader

BY ANTHONY ROBINSON IN LONDON

THE NAME of the sixth leader of the Soviet Union is expected to be announced today after a plenary session of the Communist Party central committee. The plenum is expected to ratify and give its unanimous approval to the leader selected by the 12-man ruling Politburo after four days of intense consultations between supporters of the various candidates.

The death of President Yuri Andropov on Thursday appears to have greatly complicated the selection process because younger Politburo members being groomed by Mr Andropov for the succession have not had sufficient time either to build up their own power bases or prove their all-round competence for high office.

That has increased speculation about the chances of an interim, possibly collective leadership, headed by a senior Politburo member such as Mr Konstantin Chernenko to hold the ring while younger candidates, such as Mr Grigori Romanov or Mr Mikhail Gorbachev, gain experience and compete for the leadership.

In Washington, Mr Lawrence Eagleburger, U.S. Under-Secretary for Political Affairs, said he believed it likely, although not certain, that Mr Chernenko would take over, a view shared by much of the U.S. media.

Western analysts point out that there appear to be fundamental differences in approach and personality between the two principal younger candidates, especially in their attitudes to the West.

That may be one of the strongest arguments in favour of an interim solution until it is clear whether the cautious improvement in East-West relations now visible can be built upon or whether the Soviet Union will feel obliged to retreat into a "fortress Russia" isolationism.

WORLD LEADERS expected to attend Mr Andropov's funeral tomorrow include: Vice-President George Bush of the U.S. and the Senate majority leader, Mr Howard Baker; Mrs Margaret Thatcher and Sir Geoffrey Howe, Britain's Prime Minister and Foreign Secretary; Chancellor Helmut Kohl and Foreign Minister Hans Dietrich Genscher from West Germany; M Pierre Mauroy, Prime Minister, and M Claude Cheysson, Foreign Minister from France, as well as the French Communist Party leader, Mr Georges Marchais; President Sandro Pertini and Sig Giulio Andreotti of Italy, and Italy's Communist Party leader, Sig Enrico Berlinguer.

Japan will be represented by Mr Shintaro Abe, Foreign Minister; China by Vice-Premier Wan Li and Deputy Foreign Minister Qian Qichen; India by Mrs Indira Ghandi, the Prime Minister, and Pakistan by President Zia-ul-Haq.

Warsaw Pact members and other Soviet allies are expected to be represented by heads of state and party.

Western diplomats see Mr Gorbachev as the best candidate to direct a more open policy towards the West, carefully monitored by senior military and foreign affairs experts in the Politburo and elsewhere. Mr Romanov would be the man for a tougher, neo-Stalinist regime.

East European leaders and other Soviet allies such as Cuba and Vietnam, who will be most intimately affected by the changes now being discussed in Moscow, have been told not to arrive in the Soviet capital before 1500 hours GMT this afternoon.

By that time, however, Soviet sources have indicated that the Central Committee meeting will have finished, a new leader will have been announced and Soviet leaders will be free to take on the task of welcoming foreign leaders from East, West and non-aligned countries invited to Mr Andropov's funeral.

The funeral will take place in Red Square at noon tomorrow. During the weekend, the late President's family, Politburo colleagues, foreign diplomats, journalists and thousands of carefully vetted mourners from offices, factories and institutions filed past the open-topped, red-and-black-draped coffin.

Mr Andropov, like Lenin, Stalin and Brezhnev before him, lay in state in the hall of columns of the pre-revolutionary Club of the Nobility, a green and white neo-classic pile a block away from the Bolshoi Theatre and within easy reach of Red Square and the Kremlin.

On Saturday Mr Andropov's widow Tatiana appeared for the first time in public since Mr Andropov became leader. She paid her last respects accompanied by her son Igor, the second man in the Soviet

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Thatcher aims to reopen arms talks

BY PETER RIDDELL AND GARETH GRIFFITHS IN LONDON

MRS MARGARET THATCHER, the British Prime Minister, goes to Moscow today for Mr Andropov's funeral with the aim of encouraging closer East-West contacts.

Mrs Thatcher is considering whether to invite the new Soviet leadership to London in view of her desire that they should see Britain, but that will depend on the political circumstances in Moscow on her arrival.

Officials in London were yesterday trying to dampen expectations of what might emerge from the Prime Minister's visit. Normally such meetings are preceded by lengthy diplomatic preparations, but this time Mrs Thatcher will have to play the occasion unrehearsed.

Her decision to attend Mr Andropov's funeral is mainly to seize the immediate opportunity to build on the rapport established during her visit to Hungary 10 days ago. Mrs Thatcher believes that however short any meeting with the new Soviet leadership is, her presence will underline a desire both for a reduction in East-West tensions and for broader and more substantial contacts. In particular, she will urge a resumption of arms-control talks.

Mrs Thatcher will be accompanied by Sir Geoffrey Howe, the British Foreign Secretary. Apart from her brief stopover in Moscow on the way to Tokyo in 1979, this will be the first visit to Moscow by a British Prime Minister since 1975.

The Labour Party will be represented by Mr Denis Healey, the Opposition foreign affairs spokesman, while Mr Neil Kinnock, the party leader, is in the U.S. The British group also includes Mr David Steel, the Liberal leader, and Dr David Owen, the Social Democratic Party leader.

East-West relations were one of the main topics discussed at the weekend by Mrs Thatcher and Mr George Bush, the U.S. Vice-President, at Chequers, the British Prime Minister's country residence.

Mr Bush said there was a chance in Moscow to improve relations with the Soviet Union and he reiterated President Reagan's willingness to meet the new Soviet leader.

Mr Bush commented that Mrs *Thatcher's visit to Hungary had* been "very interesting" and said she commanded "enormous respect and had a special standing in the

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Leading actors come under pressure in Moscow; Soviet allies mourn; West sees little progress on arms, Page 2

Gulf cities hit in missile attacks

BY KATHLEEN EVANS IN TEHRAN AND ROGER MATTHEWS IN LONDON

FIGHTING intensified in the Gulf war yesterday with Iraq and Iran launching missile and artillery attacks on large population centres. Iraq said it had also attacked the $3.5bn petrochemicals complex be*ing constructed with Mitsui of Ja*pan, and bombed nearby port facilities, in the town of Bandar Khomeini.

The cross-border exchanges are thought in Tehran and Baghdad to be the prelude to a large-scale offensive by Iran to celebrate last Saturday's fifth anniversary of the Islamic revolution.

Saudi Arabia has built up a stock of nearly 50m barrels of oil in floating storage, in anticipation of the war intensifying. In the U.S., energy officials have been reviewing plans for coping with the effects of a temporary closure of the Strait of Hormuz at the head of the Gulf, through which nearly a fifth of the non-communist world's oil passes.

For the first time in the three-and-a-half-year war, Iran yesterday launched a concentrated artillery barrage against the southern Iraqi port city of Basra, and the towns of Mandali and Khanaqin in the central sector, and four other smaller towns.

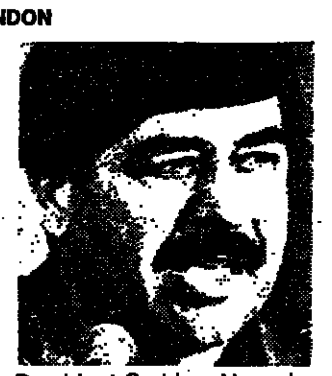
Iraq said it had attacked Abadan, Gillan-e-Gharb and Sarepole-Zahab.

That followed Saturday's missile attack by Iraq on the Iranian city of Dezful in which eight people were killed and more than 100 injured.

Iran claimed also to have penetrated eight miles into northern Iraq in the direction of Darbandikhan, where Iraq has a large hy*droelectric plant.* The Iranian news agency said national troops had advanced to within six miles of the dam and were close to severing the main road from Suleimaniyah to Baghdad.

However, Iraqi military commanders denied the claims and said the area was quiet.

There were reports of panic in Basra yesterday as more than 50


President Saddam Hussein: hesitant to use air force

shells crashed into the city during a two-hour period. Over 10 people died and 60 were wounded. Shells have hit Basra throughout the war but there has never been a concerted attempt by Iranian gunners to force out of the city the estimated 500,000 population.

Several times last week, Iranian leaders warned the population of Basra and other Iraqi cities to leave immediately. That followed the Iraqi publication of a list of 11 Iranian cities it said would be attacked.

Iraq is understood to have recently taken delivery of Soviet SS-12 missiles, which have a range of nearly 500 miles. Previously Iraq has principally used Scud-B and Frog-7 missiles to hit Iranian towns.

Mr Donald Rumsfeld, the U.S. special envoy to the Middle East, was told by Iraqi leaders in Baghdad last month that all weapons at their disposal would be used to attack Iran, if another offensive was *launched.*

President Saddam Hussein has been hesitating to use Iraq's air superiority against the main Iranian oil terminal at Kharg Island, but with the French Super Etendard aircraft and their Exocet missiles now fully operational, it is thought more likely that he will order an attack against shipping approaching the terminal.

Brazil moves to stop soya 'manipulation'

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL has suspended all soya products exports for "two or three weeks," in retaliation against al*leged manipulation of the world* soya market by the major grain multinationals which, it says, is forcing down prices.

In the meantime, the Government hopes to establish a minimum export price, possibly in co-operation with neighbouring Argentina.

Soya products are Brazil's biggest export earner, generating $2.56bn last year. Before the recent slide in *world prices, it had high hopes of* reaching the 1984 export target of a record $3.5bn.

Prices on the Chicago Board of Trade's futures market have declined steadily from their peak last September of $331 a ton. Before last week's Brazilian announcement, they had fallen to $260 a ton.

A top Brazilian official has accused a "cartel of 10 multinational grain companies" — American, French, Swiss and West German — which purchase virtually all Brazil's soya, *of spreading unfounded ru*mours and manipulating the market.

Among the companies named by the Brazilian Association of Vegetable Oil Industries, (ABIOVE), are Cargill and its subsidiary Tradax, and Continental Grain of the U.S., Dreyfus of France, Noga of Switzerland, and Toepfer of West Germany.

Sr Carlos Viacava, the foreign trade chief, appealed to Argentina, the second-ranking soya producer in South America, to join Brazil in setting a minimum export price. Preliminary discussions have already been held between the two countries' industry representatives and these will be pursued further next week.

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Nigeria opens 'make or break' talks on $3bn loan from IMF

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

NIGERIA'S top economic officials, led by Dr Onaolapo Soleye, the Minister of Finance, will hold crucial talks with the International Monetary Fund (IMF) in Washington from today on a three-year loan which could top $3bn, to tide the country over its current economic crisis.

The talks will be followed by a meeting in London with Mr Nigel Lawson, the British Chancellor of the Exchequer, to discuss the proposed rescheduling of overdue payments owing to British exporters — estimated at more than £1bn ($1.42bn) — as well as the whole range of bilateral economic and commercial links.

The IMF negotiations mark the culmination of more than nine months of talks. Bankers and officials close to the discussions say that the latest round — the first since the military government of Maj-Gen Muhammadu Buhari took over on December 31 1983 — will make or break the deal, regarded as essential to the stabilisation of the economy, and the rescheduling of up to $6bn in short-term trade debts.

The most important area of disagreement remains the IMF insistence on devaluation of the naira, on some subsequent relaxation of the country's cumbersome import restrictions, and on a reduction in hefty petrol price subsidies.

Some way also has to be found to coordinate the negotiations for an IMF loan, and separate discussions with official export credit agencies and major individual exporters to Nigeria on rescheduling the trade payments' backlog: both sides insist that the deals must proceed in tandem.

Government officials from Nigeria's leading supplier nations in Europe, the U.S. and Japan, met informally for the first time in Paris last week, and reiterated their concern to see progress at the IMF. They reached no joint position on the terms and conditions of the proposed rescheduling, which Nigeria wishes to do over six years, paying an interest rate of 1 percentage point over the London interbank offered rate (Libor).

Dr Soleye's meeting with Mr Lawson will centre on the payments problem, but he will also be looking for British support at the IMF.

Before leaving Lagos, Dr Soleye said that outright devaluation of the naira was still ruled out by the military Government, although he did not exclude a gradual depreciation of the currency. He said that agreement had been reached on many IMF conditions, including cuts in state spending, reduction in subsidies, a review of interest rates, and a wage freeze this year.

Under the IMF's new rules, Nigeria could qualify for between SDRs 2.6bn and SDRs 3.2bn ($2.7bn to $3.3bn) over three years, or between 102 per cent and 125 per cent a year of its new quota of SDR 849m. The Government also hopes to qualify for a loan under the compensatory financing facility, because of the sharp fall in its oil exports

Meanwhile, the country's new rulers have made further sweeping allegations of corruption against members of the previous civilian government, **Reuters reports from Lagos.**

Brig Tunde Idiagbon, the chief of staff and number two in the new regime, accused a number of former state governors and other politicians of illegally operating foreign companies and bank accounts. He also warned that convicted armed robbers would be shot, and threatened action against newspapers *giving too much publicity to the* statements of politicians who had fled abroad.

Editorial comment, Page 18

CONTENTS

Anthony Robinson charts the complicated factors shaping the choice of a new Soviet leader

Leading actors under strong pressure from the wings

FINAL APPROVAL of the choice of a new Soviet leader falls upon the central committee of the Communist party which is scheduled to meet today in full plenary session.

The fact that the meeting of more than 300 full voting and 150 non-voting candidate members is taking place five days after Mr Yuri Andropov's death instead of only two days, as after Mr Leonid Brezhnev's death, could indicate that the choice this time is more difficult, and perhaps more open, than it was 15 months ago.

The main burden of actually choosing, as opposed to approving, a new leader falls on the 12 voting and six non-voting members of the party politburo, which is formally the executive committee of the central committee. It is they who have to agree who from among their select number should become the party general secretary. They also have to decide at some stage who will take over the other posts which fall vacant with Mr Andropov's death—those of head of state and commander in chief. Mr Andropov, like Mr Brezhnev before him, held all three top positions.

But, in reaching their decision, politburo members have to take into account the wishes and views of other powerful men in the Soviet apparatus — the regional party bosses, military top brass, ideologists, industrial and farm managers and other leaders.

These include scientists, heads of key policy research institutes, and top diplomats, including Mr Anatoly Dobrynin, the ambassador in Washington. Membership of the central committee is not a formality but recognition of their power and influence.

Over the past few days, special aircraft have been carrying these men, and a few women, to Moscow not only to attend the plenum on Monday morning but also to be available for consultation in person and by telephone by politburo members seeking to ensure the maximum possible support for themselves or their chosen candidate.

The balance of power and make-up of both the politburo and the central committee has changed in the 15 months since Mr Brezhnev's death. Last May, death removed 84-year-old Arvid Pelshe from the politburo and three new members, all Andropov supporters, have joined.

In reaching their decision, politburo members have to take into account the views and wishes of other powerful men in the Soviet apparatus: the regional party bosses, military top brass, ideologists, industrial and farm managers and other leaders.

Mr Geidar Aliyev (60), entered ten days after Mr Brezhnev's death, while Mr Vitali Vorotnikov (57), and Mr Mikhail Solomentsev (71), joined after last December's central committee plenum.

What is more, two of the younger politburo members have enjoyed a sharp rise in their power and influence. Mr Grigori Romanov (61), left his Leningrad power-base to take up a key central committee secretariat post which gave him an essential Moscow position. Mr Mikhail Gorbachev (53), who has been a central committee secretary in charge of agriculture since 1978, broadened his responsibilities to include the economy, diplomacy and, what could prove of key importance now, responsibility for supervising recent elections to the central committee itself.

As a result of party elections to choose new leaders for the country's 158 oblasts, or regional administrative districts, held in December and January, about 20 oblast secretaries were replaced. Fourteen other men were removed earlier by Mr Andropov for corruption, inefficiency or ill-health.

Oblast secretaries make up around 40 per cent of the total voting strength of the central committee and moving his men into these key positions was one of Mr Andropov's main strategic aims. He died with the job only partially complete. The bulk of both politburo and central committee members are still those chosen by Mr Brezhnev, and so are the majority of lesser party and other officials throughout the vast bureaucratic machinery of party and state power.

It is this resistance of the Soviet system to rapid change which lies behind the continuing power and influence of Mr Konstantin Chernenko (71), who spent his entire working life beavering away inside the party apparatus and was Mr Brezhnev's own choice as successor. Thousands of office-holders owe their promotion to him, and looked to him for protection against the Andropov new broom.

This power base was not sufficient to ensure Mr Chernenko's election 15 months ago in the face of opposition from party leaders representing three powerful institutions—the KGB, the armed forces and the foreign policy establishment—who all wanted a man with wide foreign, as well as domestic, experience to represent the interests of the Soviet superpower.

The winning combination then — represented by Mr Andropov and now by his successor at the KGB, General Viktor Chebrikov, and Interior Minister Vitali Fedorchuk, Defence Minister Dmitri Ustinov and Foreign Minister Andrei Gromyko—is still very powerful.

The difference this time round is that none of the most likely candidates has the range of experience and seniority to compare with Mr Andropov's. Hence the resurgence of Mr Chernenko's chances to become another interim leader, and the difficulty of choosing between between younger candidates and the temptation to fudge the issue.

Saudi mediator tries to arrange talks on Lebanon crisis

BY PATRICK COCKBURN IN BEIRUT

THE EVACUATION of 2,500 foreigners from West Beirut was completed yesterday and clashes on the battle line which divides the capital into two hostile parts.

Mr Rafiq Hariri, the Saudi Arabian mediator, has had talks with President Amin Gemayel and is seeing if there is enough common ground for a meeting to be arranged between the Foreign Ministers of Saudi Arabia, Syria and Lebanon.

Syria has never called for the resignation of President Gemayel and now some of its allies in the National Salvation Front may be modifying their outright opposition although they are adamant that the May 17 agreement between Lebanon and Israel must be abrogated.

Its formal abrogation will be a vital symbol to Damascus and the Moslem communities in Lebanon that President Gemayel has formally abandoned his reliance on support from Washington or Jerusalem.

There is concern, however, that the diplomatic momentum will be too slow to prevent a resumption of full-scale fighting between the Moslem militias and the army. Although the French troops in the capital had intermittently opened a passage through the "Green Line" between the Christian and Moslem halves of the city there is continual sniping and shelling.

This could escalate at any moment. Intervention by the United Nations either through a Security Council resolution or unilateral action by its Secretary General, Sr Javier Perez de Cuellar, is not considered a realistic option.

Much depends on the direction of U.S. policy. The ending of the bombardment of Christian East Beirut by Syrian and Druze artillery in the mountains above the capital appears to be as much the result of a Syrian decision to reduce the political temperature as it is a consequence of the shelling by the U.S. battleship New Jersey. Continued use of naval artillery would probably lead to a resumption of full-scale fighting in and around the capital, say diplomats.

The most hopeful sign at the moment is that Syria seems willing to see President Gemayel continue in office. Mr Walid Jumblatt, the leader of the Druze, is also being less vociferous in his demand that President Gemayel should go.

President Gemayel, who had been very depressed at the start of the week after the insurrection in West Beirut, is now more confident, although he is not talking to Mr Nabih Berri, the Shia leader, who was behind the takeover of the city centre. But Mr Berri is in contact with General Tannous, the army commander.

The West and South of Beirut are now blockaded by army units, although there are gaps in the ring around the city. Druze officers have little difficulty in entering Beirut through the so-called Chouaifete Gap linking the Druze in the mountains to the Shia in the southern suburbs.

Many shops are reopening but there are shortages of bread and petrol. If the siege continues for any length of time then the Druze and the Shia probably have the military strength to break it.

In the streets around the city centre yesterday a start was being made to remove the stinking heaps of garbage which have piled up over the last week. In some streets refugees from the southern suburbs, which have been heavily shelled, are living in their cars.

Other refugees have taken over empty apartments abandoned by their inhabitants.

All Moscow's allies mourn, but some more than others

BY DAVID BUCHAN IN LONDON AND LESLIE COLITT IN BERLIN

THE PASSING of the brief Andropov era has rocked Soviet allies, particularly those in Eastern Europe most closely in touch with Moscow, less than the demise of Mr Leonid Brezhnev 15 months ago.

Most allies have declared tomorrow's funeral a day of national mourning, with Bulgaria, Afghanistan and Cuba going further to announce, respectively, two, three and four days of mourning. But for all the black-bordered obituaries and tributes to the late Soviet leader—most fulsome in Czechoslovakia and Bulgaria and briefest in maverick Romania—most of the Communist world is continuing its government and party business almost as usual.

The protocol tone, in a sense, was set by the decision by the Soviet Union itself to keep its athletes at the Winter Olympics, now in progress at Sarajevo.

While reaction from most Soviet bloc politicians and media has been backward-looking, all Soviet allies are under the strain of awaiting the new Kremlin leader—a choice which affects them enormously but which they are powerless to influence. By the time allied Communist leaders arrive in Moscow later today, that choice will probably have been made.

Only the Hungarian authorities were quick enough on their feet to stress, to whoever in the Soviet politburo and central committee cared to listen, their criterion for the new leader. The party newspaper Nepszabadsag praised Mr Andropov who served in Budapest as Soviet ambassador in the 1950s and was a personal friend of Mr Janos Kadar, the Hungarian party leader, for recognising growing diversity in the Soviet bloc and, by implication, for allowing Hungary to pursue its economic reforms relatively unhindered.

The newspaper quoted approvingly the late Soviet leader's comment that "the essence of socialism cannot be understood without taking due note of the rich experience of other fraternal countries." Mr Andropov had specifically cited the success of Hungarian agriculture as a lesson for the Soviet economy. The Hungarian authorities have thus made clear that they intend to continue their reforms and want the new Kremlin leader to have the breadth of vision to recognise this.

Public comment from other Communist allies has been more predictable. The East German leadership, proclaiming yet again its loyalty to the Soviet Union, promised to strengthen ties with the Soviet armed forces, which now have a new generation of nuclear missiles deployed in East Germany, and to prevent all "anti-socialist" plots. Indeed, Mr Andropov, as a long time head of the KGB, was eulogised by its East German equivalent, the MFS, for strengthening security solidarity between the two countries.

But, in contrast to the sombre mood following the demise of Mr Brezhnev, Herr Erich Honecker, the East German party leader, continued business over the weekend. He addressed a conference of district party delegates, several times broke into laughter and even cracked a joke which was carried by East German television. Government television, which scrupulously observes protocol, continued normal programming yesterday.

The official Polish media mourned Mr Andropov, though few Poles interviewed in the street by Western reporters felt that his death would change Kremlin backing for the Jaruzelski government's policy of suppressing the Solidarity trade union movement. Mr Lech Walesa, leader of the former union and Nobel Peace prizewinner, simply said of Mr Andropov: "As a good Christian, I say: 'May he rest in peace'."

Like other Warsaw Pact leaders, President Nicolae Ceausescu of Romania is expected in Moscow for tomorrow's funeral. But Romanian media treatment of Mr Andropov's death was low-key and Mr Ceausescu's condolence telegram was restrained, compared to the one he sent 15 months ago in which he described Mr Brezhnev as a "close friend." Mr Andropov's intensification of Warsaw Pact arms control diplomacy had made Mr Ceausescu's relatively independent position more awkward.

China is fielding a strong delegation at tomorrow's funeral, led by Vice Premier Wan Li and including senior officials involved in normalisation talks with the Soviet Union. This is one of the few areas where Soviet diplomacy advanced during the brief Andropov era.

Israeli cabinet forced to re-examine its policy

BY DAVID LENNON IN TEL AVIV

THE Israeli Cabinet yesterday began a comprehensive re-examination of its policy in Lebanon in the wake of the unfavourable developments of the past week. One of its options is de facto partition of southern Lebanon from the rest of the country.

The ministers heard reports and evaluations from heads of the military and intelligence networks about the implications of the setbacks suffered by President Amin Gemayel as a result of the Moslem take-over of West Beirut and the U.S. decision to pull out its marines.

The discussion lasted more than five hours and afterwards Mr Dan Meridor, the cabinet secretary, said that the deliberations would continue at another meeting. He refused to release any details about the contents of the session which was held under a high security classification.

The weakening of the Gemayel regime and the U.S. withdrawal have stripped the Israeli Government of many illusions about Lebanon and brought home the fact that there is no chance of implementing the May 17 agreement on troop withdrawals, or of forcing a Syrian pull-out.

Israel's primary goal today is to find a way of reducing its military presence in Lebanon while at the same time ensuring that the south will not be used again as a launching pad for Palestinian guerrilla attacks against northern Israel.

The departure of the U.S. marines led a number of ministers to increase the pressure for a further partial withdrawal of Israeli troops in Lebanon, southwards to the Zaharani River. But Mr Yitzhak Shamir, the Prime Minister, opposes hasty action which might be interpreted as weakness.

The possibility of a total Israeli withdrawal from its northern neighbour has been made more remote by the latest developments, according to some officials. Over the weekend, the Premier warned that if President Gemayel abrogates their agreement of May 17 last year, then Israel will not consider itself bound by any of its obligations.

Mr Shamir said Lebanon would be proving that it is not independent or sovereign, and Israel will have to make other security arrangements, whether unilaterally or with the help of others.

Senior officials hinted yesterday that if the Lebanese Government abrogates or freezes the May 17 accord Israel will consider itself free to set up a permanent buffer zone in southern Lebanon. Though short of outright annexation, this would be a de facto partitioning of the country.

No final decisions were taken by the cabinet yesterday, because Jerusalem is still waiting to see how events unfold in Beirut and, in particular, how President Gemayel responds to Syrian pressure to cancel the May 17 accord.

West sees little hope of early progress towards arms reduction

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

TALKS DESIGNED to reduce conventional force levels in Europe resume in Vienna on March 16 and could well provide the first indication of the new Soviet leader's attitude towards arms control. However, while Nato would clearly like the new leadership to take a more positive stand on that and other important arms negotiations, there is little optimism that this will happen.

The Soviet Union broke off the Geneva Euro-missile talks on November 23, following the arrival in Britain and West Germany of new U.S. cruise and Pershing 2 missiles. Some 40 missiles have been deployed in Europe out of a total 572 planned by 1986.

Moscow subsequently refused to set a date for resuming the parallel Geneva talks on reducing strategic weapons (Start) as well as for the multilateral Mutual and Balanced Force Reduction (MBFR) talks in Vienna, which are aimed at reducing the numbers of troops deployed by Nato and by the Warsaw Pact in central Europe.

In the first small indication of a thaw in the glacial East-West climate, Mr Andrei Gromyko, who is likely to remain Soviet Foreign Minister, told his U.S. counterpart, Mr George Shultz, at the European security conference in Stockholm last month that the Soviet Union and its allies would return to Vienna in March.

The MBFR talks have dragged on for more than a decade. Western diplomats are not optimistic that progress can be made now, although they would regard further Soviet movement next month on the verification of troop reductions as an indication of good intentions.

However, Western governments are themselves not united on whether a new approach should be made to Moscow on the issue of verification, with the U.S. State Department favouring more concessions than Britain, for one, is ready to give.

In Stockholm, Mr Gromyko made it perfectly plain that the Soviet Union had no intention of returning to the Euro-missile talks. Moscow has demanded removal of the initial cruise and Pershing missiles, a condition which is clearly unacceptable to the West.

While the Start negotiations are held to be in a different category, there was no sign before Mr Yuri Andropov's death that Moscow was ready for them to be resumed either.

A major review of Soviet arms control policy was thought to be under way in Moscow, following the multiple walkout at the end of last year. Western diplomats are assuming that the review will continue, with its conclusions probably delayed while a new leader takes control of overall policy.

Western officials, therefore, believe that hopes of any resumption in either of the nuclear missile talks, let alone a chance of any real progress towards arms limitation, are slim, at least for many months.

The possibility remains that a new Soviet leader will decide to test the rather more conciliatory rhetoric which has emanated in recent weeks from Washington, and, for example, from Mrs Margaret Thatcher in Britain.

Much will depend, no doubt, on the new leadership's assessment of the likely outcome of the U.S. election. Even before Mr Andropov's death, it was far from clear whether Moscow had decided that a Reagan victory was inevitable — which might lead them to negotiate an arms agreement in hope of better terms during the election campaign — or whether they believed a Democratic candidate might offer the chance of improved relations over a longer period.

Some observers suggest that Moscow may decide to call for a resumption of the nuclear missile talks, on the basis of a merger between Start and the Intermediate Nuclear Force (INF), or Euro-missile, talks. This might be calculated to cause maximum embarrassment to Nato governments which do not want such a merger, while allowing Moscow to continue its appeal, which has dominated so much of the last year to the Western anti-nuclear movement.

But Western officials note that Moscow has already begun to take its own retaliatory measures for the new U.S. missile deployments in the form of its own medium-range missiles newly being deployed in Czechoslovakia and East Germany. It is also reported to have moved nuclear-armed submarines closer to the eastern seaboard of the U.S.

On balance, therefore, Nato governments expect no dramatic initiatives which could result in the limitation of these missiles or of any Western ones.

Athens aims for hearts and minds of U.S. businessmen

BY ANDRIANA IERODIACONOU IN ATHENS

MR GERASSIMOS ARSENIS, Greece's National Economy Minister has been attempting to correct the image of Greece in the hearts and minds of American businessmen during an extended visit to the U.S.

Mr Arsenis believes that a false impression of his country has been created by unfriendly press reports. But his trip points to a more general malaise in Greek-U.S. relations. American officials believe relations are at their lowest ebb, since the socialist Government of Dr Andreas Papandreou came to power 2½ years ago.

Greek-U.S. relations have never been easy. Dr Papandreou won the 1981 election on a militantly anti-American and anti-West platform, which included pledges to close down U.S. bases in Greece and pull out of Nato and the EEC.

But Washington's fears were eased by assurances that Greece would not undertake hasty, unilateral foreign policy moves. This was borne out by the launching of talks in late 1982, for a new agreement on bases.

Washington hoped that relations would improve even more after the agreement was signed last September.

The week before last was a case in point. Angered by the Reagan Administration's proposals for military aid to Greece and Turkey for fiscal 1985, which were felt to favour the Turks at the expense of the Greeks, the Papandreou Government made a strong complaint to Washington.

The Americans, for their part, complain of increasingly hostile rhetoric in Greece's highly politicised press, reflecting, they feel, a broad anti-American climate.

There is also concern over such issues as the lack of progress in Greek police investigation of the assassination of Captain George Tsantes, a senior U.S. military official, in Athens last November. Resentment is also still smouldering among senior military officials at the U.S. bases here, who feel the Papandreou Government did less than it could have last winter, to prevent the disruption of base operations by striking Greek employees.

On the diplomatic level, Washington is also apparently increasingly irritated by the Greek Socialists' dissident stand on a range of international issues.

Austrian current account in red

BY PATRICK BLUM IN VIENNA

AUSTRIA'S BALANCE of payments current account was Sch 1.3bn ($67.2m) in deficit last year compared with Sch 7.9bn surplus the previous year.

That was due in part to a Sch 6.9bn increase in the trade deficit, which now stands at Sch 68.5bn, and to a Sch 6.8bn decline in the balance on services.

Total exports increased by 10.4 per cent to Sch 329.5bn but a similar increase of 10.5 per cent in imports to Sch 398.1bn exacerbated the deficit.

The rise in imports was especially strong at the end of the year. Dr Thomas Lachs, director of the Austrian National Bank, said in presenting the bank's yearly figures. Much of that could be attributed at least in part to an end-of-year buying spree encouraged by expected price rises on January 1 when new higher value-added tax rates came into force. Imports increased by more than 31 per cent in December alone compared with December 1982.

In contrast, current transactions not classified as goods or services increased by Sch 4.6bn to Sch 29.9bn.

End-of-year capital transactions showed a balance with a net capital import of Sch 600m, compared with a net capital export balance of Sch 15.3bn in 1982.

In his presentation of the figures, Dr Lachs singled out several Austrian companies with a strong export record, including the state engineering and steel concern, Voest Alpine; Philips Austria; the textile company Hammerle; and the crystal glass makers Swarovski.

Swiss party to stay in coalition

By Anthony McDermott in Berne

THE SWISS Social Democratic Party (SP) decided yesterday not to leave the four-party coalition which has dominated the country's politics for 24 years.

The 1,338 delegates with voting rights to the special two-day conference in Berne voted by 773 to 511 against a motion recommending quitting the seven-member cabinet in which they have two representatives as do the Radical and the Christian Democrats. The Swiss People's Party has one.

The result had been widely forecast, but the conference delivered some important messages. Most serious for the socialists is that it could lead to a split in their party, not just into different ideological wings, but according to geographical areas based in particular on Valais, Geneva and Zurich.

Discontent with the party's role in continuing to stay in a cabinet dominated by conservative parties has been simmering for some time. It came to a head after the general election last October, in which the socialists lost ground, with the rejection by Parliament of Dr Lilian Uchtenhagen on the left of the party and the socialists choice to replace the late Mr Willi Ritschard in the cabinet.

Speaker after speaker for leaving the coalition argued that remaining had led to losses in the election, and disillusionment among the young, women and the ecologists.

Wafd party wins court tussle with government

BY CHARLES RICHARDS IN CAIRO

TWO ELDERLY leaders of Egypt's Wafd party, Fuad Serageddin and Hrabin Farraq, who were dubbed "defeatist mummies" by the late President Anwar Sadat, have won their case to lead their party.

The Council of State which deals with disputes against the Government dismissed objections to the readmission of the two ex-ministers at the head of the party, now officially called the New Wafd.

After the judge announced the decision a few dozen elderly men in shabby but well-cut suits chanted "Long live justice. Long live Egypt. Long live the Wafd." They, at least, were under no doubt that the New Wafd is in fact the Wafd party that dominated political life in Egypt before President Nasser banned political parties in 1953.

The court decision is the second the New Wafd has won and cements the formation of a party that poses the only credible opposition to the ruling National Democratic Party in the May 27 parliamentary elections.

Yesterday's case and the earlier one were closely related. The New Wafd obtained a licence to operate after President Sadat allowed the formation of political parties in 1977, changing its name only because pre-revolutionary parties were banned.

Such was the appeal of the Wafd, with more than 1m people inquiring about membership within three months, that President Sadat took fright. He hurriedly issued a decree, subsequently endorsed by a plebiscite supposedly of 99.82 per cent in favour, that prohibited from political activity anyone who had contributed to "corrupting" the political life of Egypt before or after the 1952 revolution.

This was clearly aimed at Serageddin, familiarly known Fuad Pasha who had held office eight times before 1952.

The New Wafd froze its activities in protest. When it sought to re-enter political life last year, the Government argued that it had dissolved itself and would have to re-apply for a licence. The New Wafd challenged the Government and the courts ruled in its favour.

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Police break up protests over Basque poll

BILBAO—Police and Basque separatists clashed on Saturday, at the official start of the parliamentary election campaign. The polling day is February 26.

On Saturday night, security forces broke up several demonstrations against the recent killing of suspected guerrillas in the French Basque country.

Police also clashed with separatists at an electoral meeting of the Herri Batasuna (Popular Unity) coalition—considered to be the political arm of the guerrilla group Eta

Reuter

Citroen to announce job reduction plans

BY PAUL BETTS IN PARIS

CITROEN, THE large car subsidiary of the private French Peugeot group, is due to announce today its job reduction plans which are expected to involve between 3,000 and 5,000 of the 42,000 workers.

At the same time, M Bernard Hanon, the chairman of the state-owned Renault group, is due to have talks with M Pierre Mauroy, the Prime Minister, about the problem of job reductions. A Renault central works committee meeting is scheduled to take place in the next few days.

Renault is believed to be seeking to reduce its workforce of its car division by about 10,000 people and by more than 15,000 people in its truck division, which is making a heavy loss. These cuts would be made over the next three years but the state company is striving to avoid outright redundancies. Its plan is to shed jobs through early retirements, incentives for immigrants to return home, retraining and other devices.

For its part, the Peugeot group, after the recent trauma of the redundancies at its Talbot car plant at Poissy, is now trying to find a "softer" solution for its Citroen division. However, M Jacques Calvet, head of all the Peugeot group's car operations, has already warned that without job reductions, Citroen "will be dead in three years' time."

To avoid a repeat of the Talbot drama, Citroen is expected to announce an initial programme of early retirement for up to 2,500 workers. However, French car industry officials believe Citroen will eventually have to reduce its workforce by at least 5,000 people.

In a separate but also politically delicate case, the ministerial committee on industrial restructurings (Ciri) is due to consider today new proposals made by Sumitomo of Japan for the acquisition of Dunlop's assets in France.

Sumitomo, which agreed last year to buy Dunlop's British and West German tyre activities, has been negotiating the acquisition of practically all the French operations of the British rubber group.

But the Japanese tyre concern is understood to have refused to take over the heavy duty tyre plant of Montluçon, in spite of strong French pressure on the Japanese company to buy this problem plant in central France.

Repentance or death are the only choices in Iranian prison

BY KATHLEEN EVANS IN TEHRAN

IRAN HAS a new tourist sight. It is called Evin prison. Nowadays, when almost every government delegation invited to the Revolutionary Islamic Republic is taken on a tour of the most feared and infamous prison in Iran.

Evin prison—or to use its new name, The Training School of the Martyr Mohammed Kachoui, the late deputy governor who was assassinated—is no longer called a prison. It is a university, a rehabilitation centre for Iran's counter-revolutionaries and errant women, say Iranian Government officials.

Some 7,000 people have been executed since the Khomeini regime came to power, according to Western diplomats, but local authorities put the total at between 2,000 and 3,000.

But today, executions are said to be out. Re-education is the order of the day, says Azadollah Lajavardi, Evin's governor. Here, inmates will learn to give up their Marxism, Maoism and other ideologies in order to become good Muslims and thus suitable citizens for Iranian society. Most repent, says the governor. Only a few do not. And if they repent, they can be released, regardless of their sentence.

Mr Lajavardi says he is so confident of his methods that he could even convert President Reagan to Islam, given three months. Exiled Iranian President Bani Sadr would only take a month or two.

Today, on the guided tour of Evin, foreign visitors are shown large halls of prisoners busily engaged in sewing uniforms and clothes for the country's "down-trodden". The Islamic cheer-leader sits at the front, calling out the anti-American slogans for prisoners to echo when foreign guests enter.

Mr Lajavardi says the youngest of his inmates is 16 years old, and the oldest, Mr Noureddine Kianoori, is nearly 70 years, an ageing communist leader.

Mr Lajavardi is not sure just how many prisoners or pupils he has—between 2,000 to 2,500. "I work so hard I don't know," he says.

Entering the "training school" seems relatively easy. To be a sympathiser, supporter or party member of any forbidden organisation is sufficient. "Even ones who make xeroxes for the terrorist organisations, or lend them a car or a house —they are all but a link in the chain of terrorism," explains Mr Lajavardi.

Sentences for such activities range from as little as two months to execution, depending on the role they play. In the last 11 months, "about ten people" have been executed for counter revolutionary crimes.

"Nowadays we try to change their minds. We find that when we talk to them, they become re-educated," says Mr Lajarvadi. Family visits are discouraged because it disrupts the "special atmosphere necessary for re-education."

Part of the Evin tour is a conversation with some of the latest repentants. Last week, six prisoners, including two women dressed in chador, were presented to journalists, and the repentants duly confessed their crimes in trying to overthrow the Islamic regime by violence. One of the prisoners, Mr Vahid Ghalam spoke in an American accent and told us of his student days at Kansas University, and his last ten years as a communist. The allegations about torture in Evin were Western propaganda, he said, adding that the Guardian newspaper of the UK was the worst offender. He has yet to be sentenced, despite spending two years in Evin.

A prisoner in the sewing hall told me she was in Evin with her husband, although she had not seen him for several months. This former secretary has been sentenced to three years for membership of the Mujahadeen organisation, and at the time of her arrest was six months pregnant. "Nothing happens to you her when you confess," she told me in fluent English.

Visitors to Evin are provided with glossy brochures on the prison, showing inmates at the swimming pool, the gymnasium, and even the local museums. "Brother Lajavardi" is shown among groups of smiling prisoners, talking to inmates' families and even playing football with the repentants.

Islamic jurisprudence is very different from Western law, he tells the journalists. Women who do not wear Hijab (the Islamic headscarf and tunic) are brought to Evin for "training" for a few days. If they don't agree after that, they are sent to court. Homosexuals who are proved not to be "sick or ignorant" and who pursue their sexual preference for pleasure are executed. So are treacherous wives who are unable to reach reconciliation with their husbands, and unrepentant prostitutes and drug pushers.

Despite his position as chief revolutionary prosecutor for Evin prison, Mr Lajavardi denies his reputation as the most feared man in Iran. "People love me and cuddle me when I go out," he says. Like many others in Evin, he was a prisoner there himself under the days of the Shah. Today, as Governor, he doesn't leave the prison much.

Conference ends in acrimony

ATHENS—A conference of anti-nuclear movements from East and West ended here in acrimony over what some Western activists see as an attempt by the Soviet Union to gain control over strategy.

The four-day conference last week, grouping delegates from 28 European and North America countries was organised and financed by Keadea, a Greek anti-nuclear movement run by leading members of the ruling Pasok (Socialist) Party.

It ended with Eastern campaigners backing and most Westerners opposing an end-of-conference document that foresaw a permanent seven-member co-ordination committee.

Reuter

Argentina Bill tackles trade union reform

By Jimmy Burns in Buenos Aires

AT THE end of a stormy debate lasting most of the weekend, Argentina's Congress approved a key government Bill, which will reform the country's powerful trade union movement.

The Bill—if it is endorsed as expected by the Senate later this week—will establish a time limit of 180 days for the election of new labour leaders to replace those picked by the former military regime. One of the more controversial points of the law is that the preparations for the elections will be supervised by government officials to prevent fraud.

The vote will also be based on a system of proportional representation to ensure that independent or minority candidates have a greater say in union affairs.

The centre-left Radical Party Government of Sr Paul Alfonsin has made union reform one of the lynchpins of his political and economic programme. During his election campaign he strongly criticised the corporate-type structure of the country's main trade union organisation, the General Confederation of Labour (CGT) and the Labour leaders' links with hardline sectors of the armed forces.

Sr Alfonsin claims that the traditional organisation of the unions made it impossible for any democratically-elected government to carry out a prices and incomes policy with the consent of both sides of industry. The President has also been outspoken in his exposé of union corruption, particularly the misuse of union funds to the detriment of ordinary members.

Labour reform has been stiffly resisted by the old union "bosses" and their allies in the opposition Peronist Party

Lilco abandons nuclear plant

By Terry Dodsworth in New York

THE hard-pressed U.S. nuclear power industry has been hit by a further crisis with a decision by Long Island Lighting Company (Lilco) to pull out of a partnership agreement for a half constructed plant on Lake Ontario.

Lilco's announcement comes at a time when several other U.S. utilities are either abandoning or converting new nuclear power stations because of escalating construction costs and the high comparative price of the electricity they produce.

The company has already invested $500m in the Nine Mile Point 2 project, and would have had to put up a further $180m this year. It said at the weekend that it had missed a $1.1m instalment and would spend nothing more on the plant.

The Nine Mile Point 2 project is about two years away from completion.

Alain Cass, recently in Colombo, looks at the debate over austerity moves

Sri Lanka resists IMF requirements

SRI LANKA and the International Monetary Fund (IMF) are at odds over the size of spending cuts and the amount by which the country's currency should be further devalued before the Fund grants a further standby credit.

The IMF is seeking further cuts of up to 3.5bn rupees ($240m), or about 7 per cent of planned expenditure this year and a devaluation of the rupee against the dollar from its present level of 25 to at least 27.

The Sri Lankan Cabinet this week began what is expected to be a protracted and tough debate over how far the country can afford to go in meeting the IMF requirements. Mr Ronnie De Mel, Sri Lanka's Finance Minister, has negotiated skillfully with the IMF for over a year, but he is now likely to meet stiff opposition from colleagues who argue that the Fund is dictating Sri Lanka's economic policy.

There is also real concern of the possible effect of a further devaluation at a time of the soaring inflation and in the wake of last July's ethnic riots which left the island economically weak and politically divided.

Agreement with the Fund is critical for Sri Lanka. In the first place, the country needs the additional $50m on offer. More important, the Fund's stamp of approval on Sri Lanka's economic policies would clear the way for a $210m structural adjustment loan from the World Bank and an estimated $400m from the aid consortium countries meeting in Paris in June.

The IMF is worried about the apparent lack of concern among some ministers over the need for fiscal and monetary discipline and is likely to drive a hard bargain. It is, so far, even refusing to agree to send a mission to Sri Lanka—which was originally expected in March—to finalise the standby facility.

Sri Lanka's last budget was regarded as "soft" by the Fund, and there is growing concern that a credibility gap between the Government's intentions and its actions could erode its international standing.

The Fund is worried about:

● Sri Lanka's ambitious development programme. In its present form it is regarded as "indigestible" by the Fund. The IMF has pointed out to the Government that aid and budget appropriation for 1983 were underspent by at least 25 per cent. A major target for the Fund is Air Lanka, the country's airline, whose aircraft purchasing programme is widely regarded as a luxury.

● Runaway growth of the money supply last year. Sri Lanka's central bank has recently tightened credit, but inflation is still running at an annual rate of more than 20 per cent.

● Poor export performance and excessively high imports. The Fund wants to see a further devaluation of the rupee, major cuts in the country's public investment programme and the encouragement of export-orientated industries.

High tea prices, Sri Lanka's major export, has given the economy an unexpected boost this year. But the IMF wants to see Sri Lanka's chronic current account deficit reduced from 13 per cent of GDP in 1982 to 10 per cent in 1984. This target seems optimistic, given the slow recovery of the island's key tourist industry following last July's unrest.

Kashmir group demands body of executed leader

BY JOHN ELLIOTT IN NEW DELHI

A MAJOR controversy blew up last night over the burial site of Mohammad Maqbool Butt, the Kashmir terrorist leader who was hanged in New Delhi jail on Saturday. His release was demanded one week before by kidnappers of the Indian diplomat, who was found murdered in Birmingham.

Mr Butt, aged 50, had been under sentence of death for 16 years. His outstanding appeal for presidential clemency was suddenly refused last week.

He was buried soon after his execution on Saturday within the ground's of Delhi's Tihar jail with full Muslim rites. But at funeral prayer meetings held yesterday in the Pakistan sector of Kashmir resolutions were passed demanding that the Indian Government hand over his body for reburial in Pakistan.

The resolutions were organised by the Jammu-Kashmir Liberation Front of which Mr Butt was a founder member. Tight security was mounted in Delhi on Saturday and reports from Kashmir said that armed police were deployed in the area, particularly around Mr Butt's home village of Trehgam.

Indo-Pakistan relations have worsened in the past couple of weeks. The Pakistan Government did not react to the execution but the government-controlled Pakistan Times condemned it as a "mad and cowardly act" which showed that "Indian rulers are completely shutting their eyes to the long history of freedom struggles of nations."

Groups in Kashmir either want the Indian-controlled areas handed over to Pakistan, or for them to be granted independence.

In Karachi, the Indian consulate and Indian airlines office were attacked and stoned by students.

Pakistani students protest ban on political activity

BY MOHAMMED AFTAB IN ISLAMABAD

SEVERAL DOZEN students have been arrested following demonstrations throughout Pakistan.

The demonstrations over the weekend were provoked by two different actions: Pakistan's martial law orders banning all student unions; and execution in India of Mr Maqbool Butt, the Kashmiri leader, for allegedly killing an intelligence officer several years ago.

In spite of strong denials for several weeks, the Government banned all student unions in the capital of Islamabad as well as the provinces of the Punjab and Sind. Sind was the scene of the opposition democracy campaign last summer. The unions are already banned in the North Western Frontier Province for the last several months.

Pakistani student politics, which for years was dominated by the pro-government right-wing Islami Jamiate Tulaba (Islamic Students' Organisation) may now switch its political alliance.

If the government persists in continuing the ban, the opposition grouping, the Movement for Restoration for Democracy, hopes to gain the student support. The right-wing IJT, many of whose members own arms, had kept the equally armed left-wing and pro-left students under control, thereby saving the Government any major trouble from the campuses.

The Government gave no reason for banning the student unions, but political analysts believe it to be a part of the plans to hold the promised parliamentary elections by March, 1985. The parliament was disbanded in July, 1977, when President Zia-ul Haq took over the government. But, if student unrest expands, that will hardly be the right environment for holding the polls, these analysts said.

Marcos rejects calls to cede more powers

MANILA — President Ferdinand Marcos of the Philippines, has indicated he has no plans to give up authoritarian powers he enacted eight years ago under martial law, despite of appeals from the Church and opposition threats to intensify demonstrations.

Among conditions for taking part in National Assembly elections scheduled for May 14, the opposition demands an end to President Marcos' power to decree laws and make arrests.

In an interview with local reporters published in major Manila newspapers the President Marcos referring to the opposition demands, said "I am afraid they are not ready to participate in the election."

He accused his opponents of using "this contrivance of attracting attention by making demands and saying they will boycott the elections."

He claimed he has given his opponents enough concessions

AP

WORLD TRADE NEWS

Michael Thompson-Noel looks at strong protectionist measures which curb imports of vehicles

Hawke tries to tackle Australia's cocooned car industry

IN AUSTRALIA, whose domestic car industry is cocooned by protection, a Rolls-Royce Camargue costs A$250,000 (£161,000) while even at the bargain end, an R-R Silver Spirit costs A$162,000.

Given the recent shortage of Australian millionaires, this has not helped Rolls-Royce sales—even among the ranks of what the company calls squeamishly the "younger entrepreneurial category," by which is meant property developers.

In a speech in Osaka at the outset of his Oriental tour, Mr Bob Hawke, the Australian Prime Minister, singled out the Australian car and steel industries as suitable cases for treatment, adding that it was clear that Australia had to move away from "policies which have as their only focus the restriction of imports," and that it must introduce programmes aimed at facilitating structural economic change, and fostering "efficient and competitive industries."

By delivering such an important speech on Labor's industrial restructuring and trade hopes outside Australia, Mr Hawke has stored up future trouble for himself not only with his own left-wing and other enemies, but with some of Australia's most powerful trade unions.

Mr Brian Howe, the Minister for Defence Support and leader of the Labor left in Victoria, subsequently declared baldly: "This is not the time to lift protection on industries such as steel and car manufacturing."

He was echoed by Mr Austin Vaughan, Queensland secretary of the Amalgamated Metals, Foundry and Shipwrights' Union, who almost fainted at the mention of new technology, or the removal or lowering of tariff protection.

"We have gained our general standard of living through tariff protection," declared Mr Vaughan honestly. "We simply cannot compete with low-wage countries. If we worked at the same rates, everyone (in Australia) would be below the poverty line."

To dampen the uproar, Mr Hawke said in Seoul last week that some of the Australian reaction to his Osaka speech had been "grotesque," and explained that Labor would not rush its decisions on the reshaping of the current post-1984 car industry plan.

In the meantime, Australian car importers labour to make headway.

At present, import quotas restrict passenger vehicle imports to about 20 per cent of the estimated domestic market in any year. In addition, there is a tariff of 57.5 per cent on imported cars, plus the usual sales tax of 20 per cent.

Australia also operates a local contents plan, under which the five local car makers (see table) are required to produce 85 per cent of all components within Australia, averaged over the models they produce. If they do so, they may import their remaining components free of duty.

There is also an export facilitation scheme, under which local producers are allowed to raise their duty-free imports by the dollar amount of their increase in exports over 1979, up to a limit. There is a separate scheme for specialist component producers.

AUSTRALIAN VEHICLES SALES
1983

	Units	% of total
Local manftrs.		
Ford	133,418	23.43
G.M.-Holden	102,634	18.07
Toyota	101,484	17.86
Datsun	67,359	11.86
Mitsubishi	61,997	10.91
Importers		
Mazda	34,332	6.04
Subaru	13,572	2.39
Suzuki	10,965	1.93
Daihatsu	8,098	1.43
Honda	7,926	1.40
Volvo	5,952	1.05
Jaguar Rover	4,217	0.74
Others	16,146	2.84
Total industry	568,100	100.00
Total passenger	409,981	72.17
Total commercial	158,119	27.83

Source: Adaps, Melbourne

The country's Industries Assistance Commission (IAC) estimated recently that the gross subsidy enjoyed by the Australian car industry as a result of protection was about A$1.97bn (£1.27bn) in 1981-82—almost twice as much as its estimate of about A$1bn in 1980.

On the other hand, the Car Industry Council said recently that it had to hand an analysis by the Vehicle Builders' Employees' Federation (VBEF) placing the cost of protection at only a fraction of even the lower IAC estimate.

"The federation's calculations suggest that prices of vehicles imported from Japan were about 40 per cent below Japanese domestic ex-factory price levels, indicating a substantial degree of dumping," it added.

A subsequent investigation by the Bureau of Industry Economics was unable to confirm or deny the VBEF's allegations of dumping, while the council itself said that the cost to the community of motor industry protection was "often grossly over-estimated and misrepresented."

Either way, the severity of the quotas-and-tariffs regime, plus the downturn in the car market last year, meant that most importers made haste slowly, though some — like BMW Australia — enjoyed marked success.

Total sales in 1983 (passenger plus commercial vehicles) were 568,100, down 48,254 on 1982. However, registrations in December 1983 were 51,688 (up 5.2 per cent on November), and the car industry expects total sales in 1984 to improve in line with the general recovery — perhaps to 585,000 vehicles.

Of the importers, Volvo sold 5,306 passenger cars in 1983, an increase of only four on 1982, but is hoping for total sales in 1984 of about 6,300. About 80 per cent of its vehicles are assembled in Melbourne.

Mazda sold 25,920 cars, against 36,160 in 1982, and has a quota this year of 25,000. "We're off to a fairly brisk start," a spokesman said.

BMW sold 2,930 cars (up 26.5 per cent on 1982). In 1974, its quota was only 1,100 units. This year, it will be able to sell 3,300. The retail price range of BMWs sold in Australia is A$20,000 to A$60,000—"well over 100 per cent up on German price levels, across the range," a company official said.

Jaguar Rover Australia had an excellent year. It sold 828 Jaguars (up 29 per cent on 1982) and hopes to sell just under 900 in 1984. It also sold 1,295 Rover cars, 1,129 Range Rovers, and a record 1,404 Peugeots (this year's Peugeot target is 1,800).

As for Rolls-Royce, 1983 was not a good year, though it cannot, just yet, quote an accurate sales figure.

"Sales last year were between 50 and 60," said a spokesman expansively. "Let us say approximately 55, to round things out, down from 86 in 1981. I would wish to be more precise, but the Pacific Basin countries are handled through Rolls-Royce Canada, which is why we're talking to Vancouver."

And talking still, apparently.

China agrees to 50% boost in Soviet trade

BY MARK BAKER IN PEKING

CHINA and the Soviet Union have agreed to a 50 per cent increase in their annual two-way trade. The two countries signed a protocol in Peking at the weekend which provides for state-level barter trade of up to $1.2bn this year.

The decision is part of a progressive but modest improvement in Sino-Soviet economic relations which was highlighted last year when the trade level was increased by about 250 per cent to $800m. Chinese leaders, however, have stressed recently that increased trade and economic relations do not alter the major political obstacles to normalisation of relations.

A fourth round of consultations on easing the 20-year rift between the two countries is due to begin in Moscow next month. China says the obstacles to normalisation are Soviet support for Vietnam in Kampuchea, the occupation of Afghanistan and the "threat" of Soviet troops

The figure of $1.2bn is a ceiling, and there is a widespread belief that last year's target was not fulfilled. China has released no official details. The new trade level is still modest when compared with China's total two-way trade volume last year of around $43.66bn.

AP-DJ adds: China has reported a 1983 trade surplus of $1bn. Exports totalled $22.3bn, up 6.3 per cent from 1982, and imports reached $21.3bn, up 17.6 per cent.

U.S., Brazil in helicopter talks

BY ANDREW WHITLEY IN RIO DE JANEIRO

NEGOTIATIONS are at an advanced stage between Sikorsky, the U.S. helicopter manufacturer, and the Brazilian Government to establish a joint helicopter manufacturing venture in Brazil.

Gen Delio Jardim de Mattos, the Aeronautics Minister, announced last week that Sikorsky had submitted a formal proposal to establish a facility which would have an increasing level of local content.

Sikorsky was also said to have offered an unrelated loan of $90m for general use within the Brazilian aviation industry. The implication was that this was intended to help clinch the deal.

However, Western diplomats say the loan is from the U.S. Eximbank and would be used to purchase parts and equipment for the manufacturing plant.

For its size and overall stage of industrial development Brazil makes remarkably little use of helicopters. Their use has been confined mainly to oil and gas exploration offshore and in remote parts of the Amazon.

Local manufacturing to date has been in the hands of Helibras, the small joint venture between Aerospatiale, the French state-owned company, and the Minas Gerais state Government. Helibras assembles the lightweight Esquilo helicopter from imported kits.

The Aeronautics Minister was highly critical of Helibras, saying that it had not met any of its set target dates, much less the agreed steady increases in Brazilian content.

In reply, Helibras, which ended last year in the red, argues that there is no room in Brazil for two helicopter manufacturers. A decision to allow Sikorsky to establish a manufacturing plant would be prejudicial to both companies, said Sr Jose Castello Branco, Helibras' president.

Contacts between the Aeronautics Ministry, the U.S. Government and Sikorsky over the possible manufacturing plant have been going on quietly for about a year.

The most likely partner in Brazil is Embraer, the state-controlled aircraft manufacturer based in Sao Jose dos Campos, in the interior of Sao Paulo state.

EEC to renew demand for Japanese export restraint

BY PAUL CHEESERIGHT IN BRUSSELS

THE JAPANESE Government will come under further pressure to restrain exports when senior officials of the European Commission start a round of formal trade talks in Tokyo tomorrow.

The Commission will repeat the familiar litany that the targeting of Japanese exports in the electronic and motor sectors is intensifying the problems of industry going through structural change.

Against the background of a trade deficit which last year widened to an estimated $13bn (£8.45bn), the Japanese Government will be told that the sales moderation it promised again last November for items like cars, forklift trucks, consumer electronics and quartz watches is not being firmly followed through.

● Fears that talks between the EEC and the African, Caribbean and Pacific (ACP) states could become deadlocked over political issues evaporated yesterday after two days of negotiations in Brussels, Ivo Dawney writes.

But there remain considerable doubts as to whether the EEC will accept an ACP demand that any reference to human rights in the new Lome Convention should include a condemnation of South Africa.

Substantial progress appeared to have been made, however, over the EEC's request for a "policy dialogue" over how Lome funds are spent.

Tehran forced to cut imports

By Terry Povey

IRAN has been forced to cut imports as its ports and internal distribution services can no longer handle the flood of goods destined for the country. Last week letters of credit for Japan, the biggest supplier in 1983, were suspended and a high level government committee is reviewing trade with member states of the EEC.

According to figures from Iran's Customs Organisation a total of 16m tonnes of goods with Rials 1,195bn ($13.8bn) were cleared into the country in the nine months from March 21 to December 20. These figures are 37 per cent up by weight and 27 per cent up by value on last year's for the same period.

In the last month for which figures were available —November 21 to December 20—cleared imports were almost double those of the same month in 1982. What is more important the total amount of goods held in customs warehouses had reached 3m tonnes—about six weeks worth of goods in weight terms and the queue of ships outside the main Gulf port of Bandar Abbas had lengthened to over 90.

In order to cope most customs posts are operating round-the-clock and a national crusade to get trucks to the ports has been launched. In the 20 days starting from December 21 just over 900,000 tonnes of goods were shifted with 58,730 trucks mobilised. At this rate it would still have taken months for the backlog to be cleared—which is no doubt why the LC ban for Japan, for non-essential goods, has been introduced.

In 1983, Japan sold $3.5bn worth of goods to Iran, three times last year's level, and bought oil to the value of $4.25bn—about 64 per cent up on 1982. According to Mr Shoji Nodo, of Marubeni trading company, Bandar Abbas is jammed full of cargo and simply can't handle the flow of imports.

The review of trading with the EEC is a more long-term matter. Iran is seeking to persuade its major trading partners to balance their sales against oil purchases. With the exception of a couple of EEC members this has not proved to be the case, with the Europeans running a sizable surplus in their trade with Iran.

The first country to feel the investigations cold wind has been West Germany, which has been competing with Japan for being the largest supplier to Iran. The next candidate for a review is said to be the UK.

According to companies dealing regularly with Iran the purpose of the review and even the LC ban with Japan could ultimately be to try to force better trade terms out of suppliers. Individual Japanese trading houses may come under pressure if they are selling more goods to Iran than they are buying. Overall, Iran is running a trade surplus with Japan. European traders and company's are likely to be pressured on terms of trade and credit arrangements.

SHIPPING REPORT

Owners hesitate to order ships

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE CRISIS in world shipbuilding, as shipowners continue to hold back from new orders until the market fully recovers, was highlighted last week in a report from Lambert Brothers Shipbroking. Worst hit are the European yards.

While the Japanese have picked up new orders, the rest of the world's yards mostly continued to have a lean time. "West European shipbuilding seems to be going from bad to worse," said Lambert.

New orders placed in January, at 2.7m deadwight tons, were actually twice as high as in December or a year ago and were above the average for 1983.

But European yards secured less than 8 per cent of the tonnage ordered. Said the Lambert report, prepared by the Lev Sychrava consultancy firm: "West European yards have for the time being disappeared from market."

It noted that pressure on European governments to mount financial rescue operations was increasing.

Lambert said that more than 80 per cent of the tonnage ordered in January went to Japanese yards, "where prices are as low as ever."

Shipping markets were lacklustre last week, with Denholm Coates reporting little activity on the dry cargo side. Rates for grain between the U.S. Gulf and Continental Europe were slightly higher at $8.75 a ton.

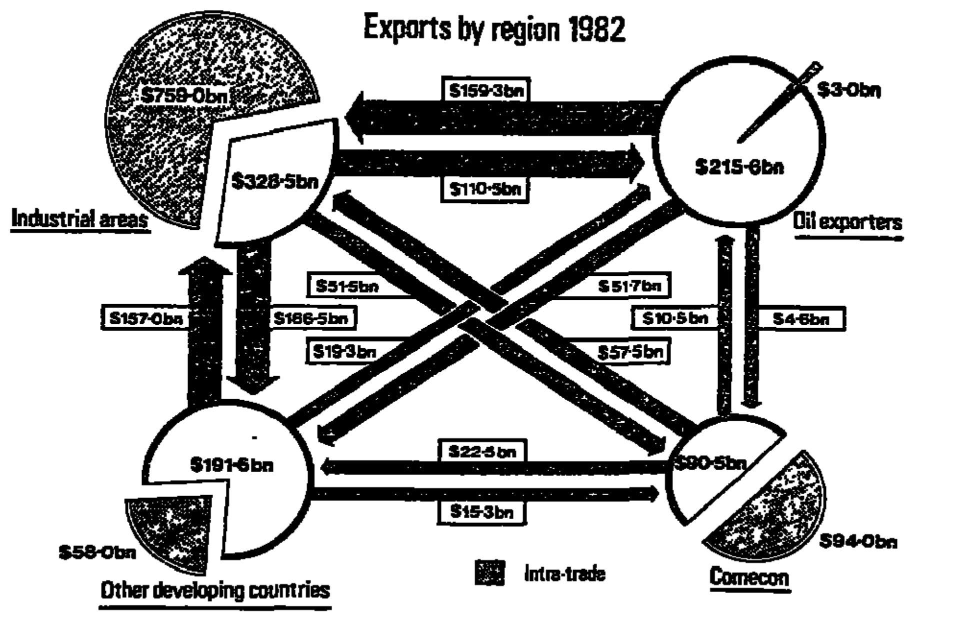
World Economic Indicators

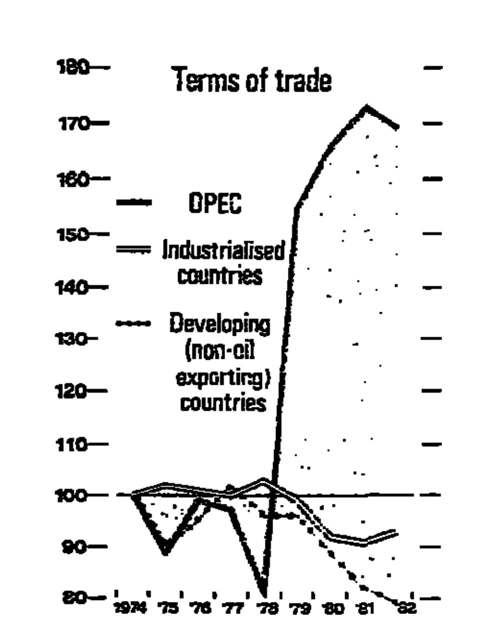
UNEMPLOYMENT

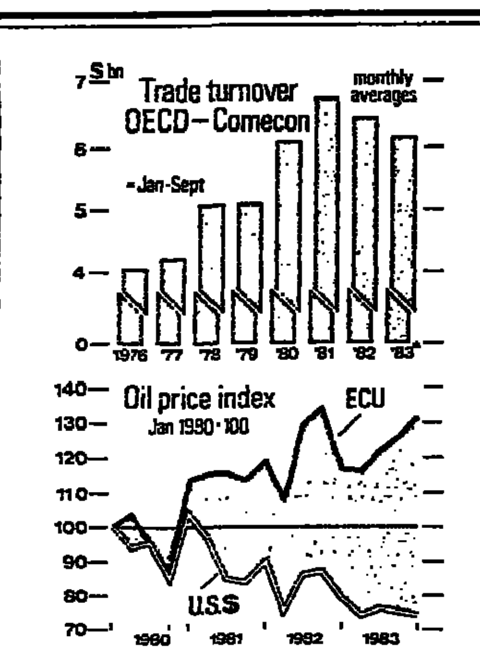
		Jan. '84	Dec. '83	Nov. '83	Jan. '83
UK	000s	3,200.0	3,079.4	3,084.4	3,225.2
	%	13.4	12.9	12.9	13.5
U.S.	000s	9,026.0	9,195.0	9,429.0	11,523.0
	%	8.0	8.2	8.4	10.4
		Dec. '83	Nov. '83	Oct. '83	Dec. '82
W. Germany	000s	2,349.0	2,193.3	2,147.7	2,223.3
	%	8.7	8.1	8.0	8.2
France	000s	2,227.2	2,223.0	2,165.0	2,131.4
	%	9.8	9.7	9.5	9.3
Italy	000s	2,847.2	2,805.0	2,754.8	2,596.7
	%	12.6	12.4	12.2	11.5
Belgium	000s	606.5	613.6	625.7	580.2
	%	14.8	15.0	15.3	14.2
Netherlands	000s	855.6	837.0	824.6	764.5
	%	15.3	15.0	14.8	13.7
		Nov. '83	Oct. '83	Sept. '83	Nov. '82
Japan	000s	1,520.0	1,550.0	1,680.0	1,380.0
	%	2.6	2.6	2.8	2.4

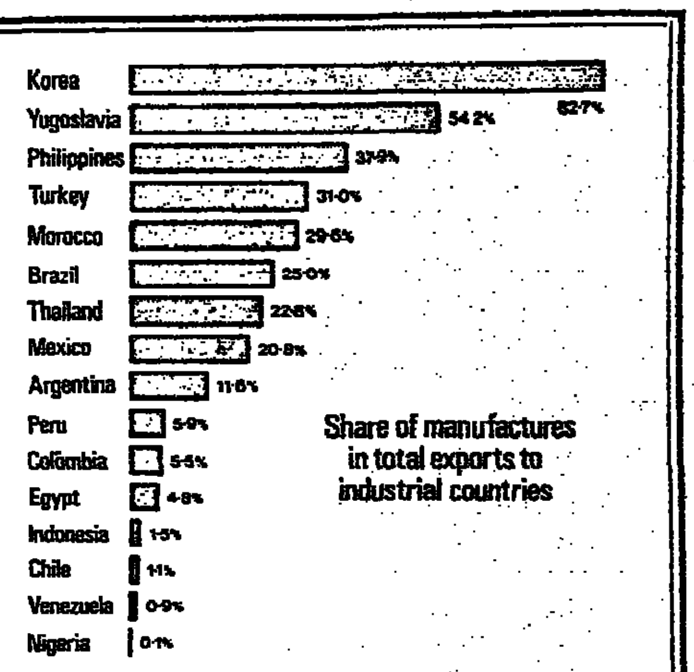
Source (except UK, U.S., Japan): Eurostat

STATISTICAL TRENDS: WORLD TRADE









Debt payment problems take their toll on growth

Imports US$bn

	Industrial countries	OPEC	16 debtor countries
1973	414.8	20.08	40.36
1974	560.7	32.14	68.70
1975	569.7	51.28	79.56
1976	650.8	63.29	84.53
1977	770.3	84.35	105.52
1978	891.0	94.76	115.27
1979	1,143.0	97.64	135.48
1980	1,389.5	131.38	178.20
1981	1,298.5	163.51	202.34
1982	1,219.9	154.31	174.21
1982 Jan-June	632.7	79.88	89.48
1983 Jan-June	597.0	76.60	74.52

Source: IMF

Export Prices: primary commodities

(1975=100)

	Food	Agric. raw materials	Minerals, non-ferrous metals (excl. oil)	Crude oil
1972	57	64	51	22
1973	88	102	69	30
1974	114	112	94	100
1975	100	100	100	100
1976	104	117	102	106
1977	120	125	106	117
1978	122	134	112	117
1979	137	164	135	170
1980	156	179	151	295
1981	139	164	154	325
1982	123	147	148	311
1983†	132	157	148	274

† Estimate. Source: UN

Volume of Exports

(1963=100)

	Total	Agric. prod.	Minerals	Manufactures
1973	231	147	195	280
1974	229	142	190	304
1975	222	149	176	290
1976	258	148	184	328
1977	269	166	186	344
1978	284	183	193	364
1979	300	196	201	382
1980	305	203	193	400
1981	304	209	182	415
1982	300	209	153	410

Source: GATT

Industrial Countries Imports from 16 debtor countries

($bn + share in countries' total imports of the product)

		1979	1980	1981	1982
Iron and steel	$bn	1.37	1.76	1.96	2.15
	%	3.7	4.3	5.1	6.2
Textiles and clothing	$bn	6.67	6.92	7.50	7.63
	%	11.5	10.9	12.7	13.4
Engineering products	$bn	7.10	8.10	9.02	9.80
	%	2.4	2.4	2.8	3.2
Other consumer goods	$bn	3.63	3.98	4.56	4.68
	%	6.9	6.6	8.0	8.3

Source: GATT

Manufacturing Exports by origin

(% of total)

	Industrial 1973	Industrial 1981	Developing 1973	Developing 1981	Comecon & China 1973	Comecon & China 1981
Textiles	74.7	66.8	17.7	23.4	7.7	9.8
Clothing	55.3	45.7	30.5	41.6	14.1	12.7
Iron & Steel	77.3	83.0	12.2	7.1	10.5	9.9
Chemicals	88.9	86.1	4.5	7.1	6.7	6.8
Eng. prods.	85.5	84.3	3.2	6.5	11.4	9.2

Source: GATT

World Exports

($bn value)

	Total		Total
1963	154	1978	1,303
1973	574	1979	1,635
1974	836	1980	1,990
1975	873	1981	1,960
1976	991	1982	1,845
1977	1,125		

Source: UN

East-West Trade

Western trade balance with Comecon (U.S.$bn)

	1980	1981	1982	Jan.-June 1983
Bulgaria	0.63	1.03	0.76	0.34
Czechoslovakia	−0.16	−0.32	−0.33	−0.39
E. Germany	0.36	0.12	−0.68	−0.02
Hungary	0.56	0.85	0.72	0.18
Poland	1.22	0.86	0.01	−0.01
Romania	0.58	−0.36	−0.80	−0.6
E. Europe (total)	3.19	2.18	−0.34	−0.5
USSR	−2.98	−0.23	−0.05	0.7

Source: UN, ECE

Following three years of stagnation or decline, world trade is likely to expand by about 3 per cent in volume this year. This is moderate growth, especially compared with the 3.8 per cent real growth forecast of the Organisation of Economic Co-operation and Development. Throughout the 1970s, world trade expanded at a faster rate than overall economic output of the OECD countries, fuelled by demand for imports from less developed countries (LDCs).

The payments crises of many of these countries, combined with the fall in the oil price, has meant that both oil-importing and oil-exporting countries have cut back on imports. East-West trade also suffered from the aftermath of the Polish debt crisis. The prospect of a relatively stable oil price over the next year or so and a pick up in the Comecon economies is likely to mean that the Organisation of Petroleum Exporting Countries and Comecon will not have to cut imports so sharply next year.

But as far as the non-oil LDCs are concerned, the outlook is not so bright. While non-oil commodity prices have lifted slightly, continued high interest rates mean the absorption of scarce foreign currency by debt servicing, leaving little for imports.

Overall, then, world trade will probably lag OECD growth.

The extent of the import cutback by both Opec and non-oil LDCs is shown here and, of course, is particularly marked in dollar value because of the appreciation of the U.S. currency—up over 20 per cent between December 1981 and December 1983, in trade weighted terms.

Some indicators of the dependence of 16 debtor countries on manufacturing exports to the industrialised countries are shown here.*

The share of exports of manufactures in total exports to the industrial countries range from negligable in the case of oil-exporters such as Nigeria and Veneuela to about 20-25 per cent for Brazil and Mexico and almost 83 per cent for South Korea.

An area where protectionist policies have been widespread for many years is agriculture. It is estimated that the average level of protection in agriculture is three times that of manufactures in the industrial countries, and that it is increasing in level and breadth of coverage.

Ratios of domestic to world prices show a level of positive protection in both the EEC and Japan, particularly for staple foodstuffs. These figures are only intended to show a general picture, however.

A trend growing in importance is countertrade. It is not possible to illustrate this with consistent statistics, as they are not collected. No two estimates of the extent of this form of trade are the same: the International Monetary Fund estimates it at only 1 per cent of total trade in 1980; other estimates are as high as 25 or 30 per cent. What is certainly the case is that it forms a substantial proportion of East-West trade—the OECD puts it at 15-20 per cent—and that pressures on the foreign exchange of many debtor countries, especially in Latin America, tend to make it an attractive option.

* Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela, Egypt, Morocco, Nigeria, Indonesia, Korea, Philippines, Thailand, Turkey, Yugoslavia.

WORLD TRADE

	Value and volume % changes: Dollar value	Volume	OECD growth %
1971	12	8	3.6
1972	18½	8½	5.3
1973	38½	12½	6.1
1974	45½	3½	0.7
1975	4½	−3	−0.3
1976	13½	11	4.8
1977	13½	11	3.8
1978	16	5½	4.0
1979	26	6	3.1
1980	20	7½	1.2
1981	−1	0	2.0
1982	−6	−2	−0.5
1983†	—	0	2.5
1984†	—	3	3.8

† Forecasts. Source: GATT

EEC Agricultural Imports by origin

(% of total EEC imports of the product)

	Intra-EEC 1962	Intra-EEC 1979	Developed† 1962	Developed† 1979	Developing 1962	Developing 1979	Comecon & China 1962	Comecon & China 1979
Fresh meat	33.5	73.9	34.3	11.8	25.8	6.7	3.6	4.8
Prepared meat	40.9	70.0	8.7	2.8	34.7	17.1	9.2	6.3
Milk & cream	61.7	99.8	17.4	0.2	1.2	—	0.6	—
Butter	37.0	83.5	48.3	16.4	2.0	—	5.3	0.1
Cheese & curd	51.9	86.8	28.5	0.1	0.3	0.2	0.4	0.1
Wheat	7.1	57.4	64.9	40.5	20.3	2.1	6.0	—
Maize	4.1	35.4	57.4	54.3	22.9	9.2	6.4	0.3
Fresh vegetables	51.1	49.5	5.2	3.5	25.5	29.0	3.7	2.2
Sugar & honey	8.8	34.9	12.5	2.2	63.7	55.6	8.1	1.6
Animal oils & fats	20.5	37.7	36.2	28.1	11.1	5.2	0.1	1.8
Vegetable oils	5.4	51.0	9.3	0.8	58.6	34.8	6.9	3.1

Source: IMF

Agricultural Trade

$bn

	Exports: Developing	Exports: Developed	Imports: Developing	Imports: Developed
1973	30.0	65.4	19.5	82.1
1974	39.0	79.1	30.3	97.6
1975	38.9	83.5	32.4	104.8
1976	43.4	86.9	31.2	112.8
1977	54.0	97.8	36.8	129.4
1978	56.2	114.6	43.8	143.9
1979	61.4	137.9	50.1	169.7
1980	75.8	145.4	65.0	186.0

Source: IMF

Japan: Agricultural Prices†

(Domestic price ÷ World price)

	Rice	Wheat	Beef	Pork	Butter
1975	2.64	0.74	2.42	1.35	2.15
1976	3.97	1.03	2.20	1.15	3.01
1977	4.36	1.55	2.69	1.17	3.77
1978	4.04	1.73	2.47	1.07	3.82
1979	4.25	1.50	1.96	0.90	3.14
1980	3.17	1.23	1.46	0.95	2.48
1981	2.98	—	1.59	1.08	2.07

† In Yen terms. Source: IMF

EEC Agricultural Prices†

(Domestic price ÷ World price)

	Maize	Wheat	Sugar beet	Beef	Lamb & Sheep
1975	1.35	1.05	0.78	1.91	1.86
1976	1.50	1.23	1.28	1.80	1.68
1977	1.99	1.71	1.90	1.79	1.69
1978	2.25	1.70	2.38	1.48	1.48
1979	2.03	1.41	2.10	1.22	1.60
1980	2.02	1.45	0.81	1.37	1.37

† Weighted average. Source: IMF

USA: Agricultural Prices

(Domestic price ÷ World price)

	Maize	Wheat	Rice	Beef	Lamb
1975	0.93	0.96	—	1.21	1.45
1976	0.87	0.89	1.74	0.85	1.38
1977	0.88	0.99	1.37	0.92	1.34
1978	0.85	0.89	1.07	0.83	1.20
1979	0.83	0.89	1.30	0.78	1.14
1980	0.86	0.93	1.04	0.83	0.96

Source: IMF

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department

UK NEWS

Tories seek help for investors

BY PETER RIDDELL, POLITICAL EDITOR

STRONG PRESSURE has developed within the Government and among Conservative MPs for action in the budget on March 13 to stimulate personal savings and individual purchases of shares.

Two main proposals are for a reduction in, or the abolition of, stamp duty on stock exchange deals and an easing of the burden of the investment income surcharge.

These options are known to be under active consideration within the Treasury, along with complementary, though more long-term, ideas to reduce tax relief on life assurance premiums.

Within what is expected to be a 'neutral' budget, Mr Nigel Lawson, the Chancellor of the Exchequer is keen to make the maximum political impact, and measures to encourage individual shareholders would be popular with his supporters.

The Department of Trade and Industry, with the strong backing of the Bank of England and the stock exchange, has urged a reduction in stamp duty. This has partly been presented as a desirable stimulus to individual share purchases but also, more urgently, as a response to the likely changes in the structure of the stock market with the end of minimum commission rates over the next year or two.

The continuation of stamp duty at its present 3 per cent rate might be a disadvantage to brokers in the new conditions.

At present, stamp duty yields about £975m a year in tax revenue, of which £335m comes from investment transactions.

Conservative ministers have for a long time argued that the investment income surcharge is an unfair discrimination against savers, especially as more than half of those paying it are elderly.

Since 1979, the Government's main action has been to raise the threshold at which the surcharge is paid. A further option is a reduction in the surcharge from its present 15 per cent on top of the relevant income tax rate. The surcharge now raises about £290m a year.

A number of Conservative MPs, especially those with City of London links, have argued that such action should form part of moves towards a neutral treatment of savings, when coupled with a matching reduction in tax relief on life assurance premiums. The Treasury has been considering the scope for cutting such tax reliefs.

Whitehall report calls for more state purchasing economies

BY ANDREW TAYLOR

A WHITEHALL report calling for greater savings on government purchases of goods and services is to be passed to Mrs Margaret Thatcher, Prime Minister, in the next few weeks.

A multi-department review of government contracts and procurement procedures was started in June last year by the Management and Personnel Office, which is responsible for the organisation of the Civil Service.

The main thrust of the report will be on getting better value for money from public expenditure, but it will also cover difficulties civil servants have in implementing public sector purchasing policies.

Completion of the report coincides with the start this month of a series of meetings between the National Economic Development Office and the Department of Industry to discuss how best to monitor public purchasing arrangements.

Treasury guidelines published three years ago suggested that civil servants should not necessarily opt for the cheapest priced goods and services. A value-for-money approach was proposed which would take account of long-term needs to promote industrial viability and competitiveness of suppliers. Under these guidelines purchasers were allowed to accept higher prices or greater technological risks.

The guidelines were worded carefully so as not to fall foul of EEC competition rules.

Sizewell advance costs put at £200m

MORE THAN £200m is likely to have been spent on preparatory work for a proposed nuclear power station at Sizewell, on the east coast of England, before the Government decides whether it should be built.

Mr John Baker, a member of the Central Electricity Generating Board (CEGB) which is applying to build the £1.2bn station, estimates that spending on design and other work is running at £70m a year.

The CEGB wants to start building in 1986. At the present rate of progress of the public inquiry which is examining the project, the CEGB expects to get a decision from the Government late next year. By then, work on the pressurised water reactor will have cost more than £200m, Mr Baker says.

● A NEW index based on minute-by-minute share price movements of 100 leading companies listed on the London Stock Exchange, will be launched today by the stock exchange and the Financial Times.

The index, designed to meet the needs of the London International Financial Futures Exchange, will be transmitted on the Stock Exchange's own electronic information service. It will be called the FTSE 100 index.

● *WOOLWORTH HOLDINGS*, the chain stores group, has come down firmly in favour of ending restrictions on shop opening hours to allow trading on Sundays. The decision, taken by the group's new UK management, reverses the company's previous opposition to Sunday trading.

● A SECOND parliamentary seat has become vacant with the death of Mr Ioan Evans, Labour MP for Cynon Valley, south Wales. Mr Evans, aged 56, had been one of the party's spokesmen on Welsh affairs. The other outstanding by-election is at Chesterfield, where voting takes place on March 1.

● MRS MARGARET THATCHER, Prime Minister, may be drawn personally into the discussions on whether Britain will help the U.S. to build an $8bn space station.

Mr James Beggs, administrator of the National Aeronautics and Space Administration (Nasa), will visit Europe next month to discuss how the U.S. allies could collaborate in the orbiting station. A Nasa official said that Mr Beggs wanted to put his case personally to Mrs Thatcher.

● SENIOR MANAGEMENT in British Telecom (BT) is poised to introduce sweeping changes in the internal organisation of the corporation before privatisation.

The plan, which has been in preparation for more than a year, would replace the present 61 BT business areas with about 25 districts and cut the 12 regions back to eight.

The Government will face a major parliamentary challenge this week on key elements of its Bill to open the way for the privatisation of British Telecom. Attempts will be made in the House of Lords to amend the Telecommunications Bill, while in the House of Commons the Labour Party is tabling amendments to broaden the scope of the Data Protection Bill.

U.S. advisers warn against selling Inmos too cheaply

BY LOUISE KEHOE IN SAN FRANCISCO

THE UK Government would make a grave mistake if it sold Inmos, the state-backed microchip company, for less than £200m. That is what it is worth, according to U.S. advisers to the British Technology Group.

Despite this lofty evaluation of Inmos, the British Government is believed to be discussing at a high level a very much lower offer to acquire Inmos.

AT&T Technologies, the U.S. telecommunications company, is understood to have offered around £45m for BTG's 75 per cent stake in Inmos. In addition, AT&T is reported to have offered to make further substantial investments in the UK.

"That is a bargain basement price. It is an unbelievably low offer," Dr Paul Schroeder, one of the Inmos founders who retains stock in the company, said.

There was no good reason why the Government should sell Inmos for less than its real value, said Mr Glen Madland, chairmen of Integrated Circuit Engineering (ICE), a U.S. consultancy group that has been retained to advise the British Technology Group.

According to ICE, Inmos sold $50m worth of semiconductor products in 1983. "The British Government should recognise that it has a valuable asset," he said.

If AT&T is successful in acquiring Inmos, the U.S. company is not expected to maintain Inmos's research and development efforts. According to U.S. semiconductor industry sources, AT&T views Inmos as an opportunity to acquire ready-built state-of-the-art chip production facilities and has little interest in the technology developed by Inmos.

"AT&T is not looking for an investment, it is seeking entry into the European telecommunications market," Mr Madland said.

Minority shareholders in Inmos, including the company founders, who together hold about 13 per cent of the company, have not been approached over an AT&T offer, according to Dr Schroeder.

Offers still open for Jaguar car business

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE HAS been no rush of potential buyers for Jaguar, BL's luxury car subsidiary, even though it is well known that the company is for sale as part of the Government's programme to introduce private capital to the state-owned group.

One possible reason for the apparent lack of interest is that potential bidders are assuming that the Government has already made up its mind about the method of disposal.

The Cabinet must soon make the decision, but has not done so yet and any last-minute offers would, therefore, stand a chance of consideration, particularly as outright sale of Jaguar to another group would probably raise more money than any other method.

General Motors of the U.S., the world's largest automotive group, has expressed a vague interest but some ministers, including Mr Norman Tebbit, Secretary of State for Trade and Industry, would oppose the sale of Jaguar to an overseas group.

GM might try to overcome that objection by making any offer through its Vauxhall subsidiary in Britain.

The BL board is believed to favour the sale of most of Jaguar via a stock-exchange flotation and for BL to retain a minority interest, perhaps 20 per cent, to cement the continuing relationships of supply and distribution between Jaguar and other BL companies.

But the City of London's advice to the Government is that it would be better to separate Jaguar from BL financially and preserve the other links with arm's-length contracts.

It has been suggested that any substantial minority holding should be put into the hands of another UK company, perhaps one with vague motor industry associations.

CONSTRUCTION CONTRACTS

IDC Group wins £9.7m factory work

IDC GROUP, of Stratford-upon-Avon, has been awarded contracts worth £9.7m by STC Telecommunications to cover the first phase of the redevelopment of STC's 41-acre site at New Southgate, London.

Work includes the refurbishment of a building for the assembly and testing of electronic transmission equipment.

- **Walter Lawrence** subsidiaries have secured £10m worth of new work. It includes indusirial units for the Greater London Council and premises for the Guardian Royal Exchange at Harlow, Essex.
- **Jackson Group** reports £11.5m worth of orders. The largest is for a £5.5m bypass at Ely, Cambridgeshire. The company will also convert the former railway station at Felixstowe, Suffolk, into a shopping centre at a cost of £1.25m.
- **Croudace Construction** has won three contracts worth £1.5m for construction of industrial and commercial premises in Reading, Weybridge and the London Borough of Lewisham. The largest, worth £739,000, was awarded by the Guardian Assurance for construction of a three-storey office block at Reading.
- **Wiltshier Canterbury** has won a contract from Batchelor Foods for £1.1m alterations at Ashford, Kent.
- **Taylor Woodrow** has been awarded a £4.6m contract to build offices for the Associated Examining Board at the University of Surrey at Guildford.
- **Lovell Group** companies have begun work on housing contracts worth more than £5m.

£69m first stage of new British Library

LAING MANAGEMENT Contracting has been awarded a £69m contract by the Property Services Agency to build the first stage of the new British Library next to St Pancras Station, London.

The work involves building book storage basements and a reference library above. Site work is due to start this summer for completion in 1990.

Four medical and military projects worth £8m have been placed with **Fairclough Building** eastern division. They are building a factory and offices under a £3.5m management fee contract for Cyprane (BOC Group) at Steeton, near Keighley, Yorkshire; extending the Nuffield Nursing Home, Newcastle-upon-Tyne, under a £2.66m contract; building a £950,000 Territorial *Army centre at Newton Aycliffe, Co* Durham; and refurbishing 85 married quarters units at RAF Church Fenton, Yorkshire, at a cost of £915,000.

Cyprane a division of the BOC's Medishield Corp, is moving to a 17-acre parkland setting at Steeton, close to its present headquarters, so that the workforce can be retained. Fairclough will build 50,000 sq ft of factory space and 28,000 sq ft of office accommodation during a 65-week work programme.

Work on an extension to Nuffield Nursing Home in Newcastle has started. Under the 15-month contract, Fairclough is replacing an old building with a steel structure, brick-clad with pre-cast, pre-stressed concrete floors. The extension will provide 40 beds and three operating theatres for the nursing home.

Factory extensions in Cardiff and a variety of building service contracts are keeping Fairclough Building, Wales & south-western division, busy in South Wales. Fairclough is building six extensions under a £361,000 design-and-construct contract at the Somerset Wire Company's Pengam Works, Cardiff.

Building service contracts, total*ling £270,000, include replacement* of lifts at Sully Hospital for South Glamorgan Health Authority; refurbishment work at Oldway House, Treorchy, for the Property Services Agency; and alterations at Albany Primary School, Cardiff, for South Glamorgan Education Committee.

A contract to improve council houses in Liverpool is among recent schemes worth almost £3m won by Fairclough Building, western division.

Balfour overseas deals

BALFOUR BEATTY Power Construction (Australia) has been awarded a contract for a 220 kv overhead transmission line from Moorabool to Ballarat in the State of Victoria, valued at A$3.8m (£2.25m). The work was ordered by the State Electricity Commission of Victoria, who will supply the insulators and the conductor with steelwork from a local fabricator. Work is scheduled to be completed by December.

Balfour Beatty Power Construction has also signed a contract with the Government of Belize for four Callender-Hamilton bridges, on the Southern Highway in Belize to replace existing timber bridges.

The contract includes foundations, substructure works and road approaches to be completed in 12 months. The project, valued at £2.3m, is being financed by Government funds, administered by the Crown Agents. The Callender-Hamilton bridge steelwork will be fabricated by Painter Bros. Hereford, the fabrication division of Balfour Beatty Power Construction.

TECHNOLOGY

EDITED BY ALAN CANE

CHOC-ICE FACTORY SAVES JOBS IN LIVERPOOL

Remploy wraps up choc-ice package

By PETER MARSH

AN UNUSUAL deal between a choc-ice company and a packaging factory has safeguarded the jobs of 20 disabled people on recession-torn Merseyside.

When ice-cream manufacturer Lewis Brothers of Stoke decided to expand output, it came down against extending its own premises.

Instead, the company spent £400,000 installing new equipment in a plant in Liverpool run by Remploy, a state-backed company that provides work for disabled people.

The plan was a gamble as the Liverpool factory had no experience in food production. Its main activities are printing labels and packing goods into boxes.

But the scheme worked so well that Lewis Brothers is next month to spend another £200,000 installing more hardware at the Liverpool plant. This should double annual production to 30m choc ices.

Under a new £3.5m contract, Remploy will make choc ices for Lewis Brothers for 10 years. The products sell for about 12p each, mainly in supermarkets.

With the output from Merseyside, Lewis Brothers will, by the end of 1984, make 60m choc ices annually, pushing it into the same production league as Britain's leading ice-cream manufacturers, Walls and Lyons Maid.

Mr Tony Manfredi, managing director of Lewis Brothers, says: "I'm extremely pleased with the arrangement. We didn't want to invest in a new building—we just want to make ice cream."

About a dozen of the 130 workers at Remploy's factory work on the ice-cream line. The figure will rise to 20 next month.

Most of Remploy's workers are severely disabled. Remploy was set up in the 1940s to provide work for handicapped people. The company, which runs 94 production units around Britain, receives a Government grant of about £40m annually though aims to operate like a conventional commercial organisation.

Remploy's Liverpool plant introduced its first batch of ice-cream hardware only last March. The company took a team of workers to Stoke for several days so they could familiarise themselves with Lewis Brothers' existing hardware.

"Within three weeks of installation, our machinery was exceeding the manufacturer's specifications," says Mr Frank Bishop, factory manager at Liverpool.

"We are getting 155 choc ices out of the machine each minute, when the manufacturer recommends only 120. For every job on the line, two people are trained. In this way we keep the equipment running through lunch and tea breaks."

Such was the demand for ice cream during last year's hot summer that Remploy kept its workforce on three hours' overtime for several months.

"Our employees were very enthusiastic," says Mr Ricky Calvert, the supervisor on the ice-cream line. Mr Calvert previously worked for Lyons Maid.

"The job gave them a chance to do something different with brand new equipment. The combination of the machinery and a workforce that is second to none gives me the most efficient ice-cream crew in Europe."

Choc-ice manufacture at Remploy's Aintree factory is to be doubled in the next few months

In choc-ice production, a mixture based on milk powder, sugar, glucose and emulsifiers is first pasteurised. This is done by heating the components in a vat to 80 deg C.

The slurry is pumped past ball bearings at a high pressure to remove fat globules. After chilling to about 10 deg C, the mixture, now almost solid, spurts out through a tube. Wire cutters automatically divide the mixture into small blocks.

From here, the bars pass on trays into huge freezers where they rotate on carousels at about −25 deg C. In the final step, the blocks, now solid ice cream, pass through a shower of chocolate to attain their outer layer. The finished choc ices are wrapped by automatic machinery.

Remploy spent £100,000 of its own money converting what used to be a store room into a hall fit for food production. The company had to line the walls and floor with washable materials, and pipe in power supplies and water.

Mr Bishop initially approached Lewis Brothers to obtain an order for cardboard boxes for choc ices. Only later did it dawn on him that his factory could make the ice creams too.

For Lewis Brothers, the deal is the latest in a series of advances that should push up the company's annual sales this year to £2m.

The company was started in the 1930s by Mr Manfredi's grandfather, Agostino. An Italian immigrant, he initially sold ice creams from a handcart in the streets of the Potteries.

SATELLITES

Marconi aims for aerial comeback

THE Marconi company is making a determined bid to re-establish itself in the business of making dish-type aerials for satellite communications.

Marconi virtually relinquished this area of commerce in the early 1970s. It continued supplying satellite earth stations, but abandoned its production of aerials. These were supplied to customers through agreements with other companies, for example Mitsubishi of Japan.

The changing nature of satellite communications—with the emphasis shifting from telephone calls to the transmission of TV or business data—has made the company change its mind.

Mr Bill Barbone, manager of the space division of Marconi Communications Systems in Chelmsford, says his company will make a range of antennas suitable for these types of communication.

The hardware will be produced by a factory run by Marconi Radar Systems in Gateshead.

The company has in the past 18 months produced two antennas, 13 metres in diameter, for British Telecom and Mercury. The equipment is in place in earth stations run by the two telecommunications organisations in London's Docklands.

One more aerial for each customer is on order. These relatively large antennas will carry TV signals, for example, for transmission to the head ends of cable systems.

Marconi is also developing smaller antennas, 3.7 metres and 5.5 metres in diameter. These will be placed on office roof-tops and carry business communications, possibly as part of the Satstream service that British Telecom is offering.

These aerials will link either with the European Communications Satellites, operated by Western Europe's telecommunications administrations, or France's Telecom-1 space vehicle.

Marconi has no plans to produce the very big aerials, of perhaps 30 metres in diameter, which feature in the earth stations that transmit long-distance telephone calls, for example to Intelsat satellites.

The antenna itself accounts for only about 20 per cent of the cost of an earth station, which with a 13-metre aerial would cost a total of about £1m. The rest of the money goes on electronic circuitry and the processing hardware that makes sense of the messages transmitted through space.

PETER MARSH

BANKING

Sophisticated ATMs

IF YOU forget your name, NCR has the machine for you. Its new automated teller machine (bank in the wall) prints your name on the video screen when you insert your cash card. It reads the information off the magnetic stripe on the back of the card.

The trend to more sophisticated automated banking teller machines continues. Only a few weeks after IBM announced an ATM that will dispense coin as well as notes, the new NCR is clearly designed for use away from bank premises.

It will accept deposits and enable users to transfer funds from one account to another, pay bills and—more conventionally—request cheque books and statements.

In common with the 5080 ATM which NCR launched last year the 5081 features voice response — it can be programmed to talk back to the customer.

A new feature designed clearly for ATMs which might be sited off bank premises—in stores, airports, factories and so on, is a facility which enables a camera to be attached to the machine to take photographs of customers (or more likely, would-be miscreants).

The 5081 has an advanced video screen which can be seen in poor lighting, NCR says, where a variety of marketing information, company logs, diagrams and illustrations can be displayed.

NCR is one of a number of companies developing advanced automated teller machines for what is already a substantial world market.

The others include IBM, Philips, Diebold and Olivetti/Docutel.

The new 5081 has a capacity of 2,700 new notes but it can dispense old notes as well.

How to speed up your Apple

WANT A faster Apple? Digital Research, the company which gave the world CP/M, has a "bolt-on goodie" which promises a threefold increase in processing speed for CP/M applications compared with competitive solutions.

The add-on, a printed circuit board carrying a microprocessor and extra memory, is important for three reasons:

It is the first hardware product from Digital Research, a fast-growing software house which made its name in systems software, especially CP/M, a disc-based operating system for microcomputers which brought order out of chaos in the early days of personal computing and opened the door to a flood of business applications for software packages from other software suppliers.

The new card makes it possible to type 80 columns on a standard Apple monitor rather than the usual 40. This means that a standard page of text can be displayed for word processing and that spreadsheet programs—the electronic paper and pencil accounting kits which were the secret of Apple's early success—can be displayed more manageably.

An optional cache memory of 128,000 K bytes can speed up the time taken to retrieve information from a floppy disc remarkably. A cache memory is essentially a semiconductor buffer in which disc contents can be stored ready for almost instantaneous electronic retrieval.

Operating systems, which control the computer's internal functions, are the key to personal computing. CP/M was a massive success because it offered a simple and effective way of managing the operations of a computer using discs for storage.

The Apple microcomputer is still the most successful business computer with some 1.25m-1.50m units installed, but it uses a microprocessor chip called the 6502 and its own operating system called Apple/DOS. That cut it off from the majority of business software written for a Z80 microprocessor running under CP/M.

The answer was an accessory printed circuit board with a Z80 microprocessor which could be bolted on. Microsoft, the U.S. software house, calls it the IIe Premium Card.

That was in the late 1970s. Digital Research believes its "Gold Card" is the first advance in add-on CP/M cards for the Apple since then. Paul Bailey of Digital Research thinks he could sell 12-15,000 of them at between £399 and £640 in 12 months.

More from Digital Research on 0635 35304.

ALAN CANE

Materials

Ceramic fibres

THE Carborundum Company, which markets ceramic fibre replacements for asbestos materials under the brand name Fiberfrax, has produced a 30-page pocket guide on choice of the various forms of the product to suit a variety of industrial applications.

Entitled "An Industrial Guide to Asbestos Replacement," the booklet lists over 50 applications of asbestos and the recommended Fiberfrax replacement. It also outlines the principal characteristics of the dozen or so forms of the product, which is supplied as bulk fibre, blankets and felts, modules, textiles, paper, coating cements, boards and various mixes.

Copies of the guide are available free of charge on request from the company in St Helens, Merseyside, on 074488 2941.

Banking

Videotex

THE KEY to market growth in electronic home banking will be the spread of microcomputers equipped at full-colour videotex terminals, says the latest report from Frost and Sullivan in the U.S.

By 1991 home banking will be used in one in 10 homes with sales reaching at least US$5bn, forecasts the report entitled "Home Financial Services Delivery Systems" ($1,114).

The report says that although videotex is not needed for home banking its ability to be used for related services such as information and electronic mail will make it economic for financial transactions. More details from Frost and Sullivan in New York on 0101 212 233 1080.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co Canada	9 %
CL Bank Nederland	9 %	■ J Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months £2,500 9% £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

FINANCIAL TIMES SURVEY
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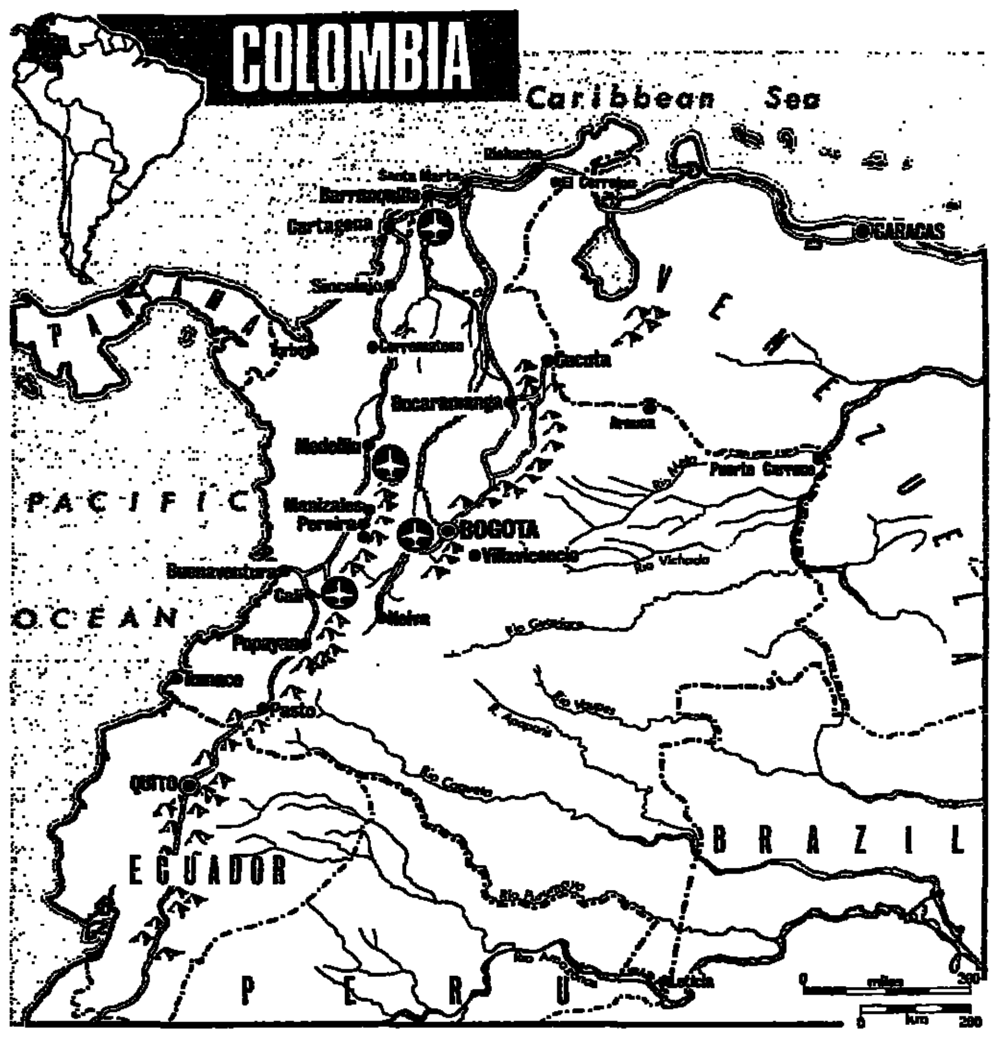
COLOMBIA

President Betancur makes his mark



Colombia's President Belisario Betancur (left) and Finance Minister Edgar Gutierrez: The country has not suffered as badly from recession or debt as other Latin American countries, largely due to conservative economic management

DURING HIS 18 months in office, President Belisario Betancur has made an indelible stamp on Colombia. He has established himself as a genuinely popular figure, appealing well beyond the narrow confines of party. With a sure grasp of power he has endowed the presidency with a prestige and independence hitherto sorely lacking.

Contrary to many leaders, and especially in Latin America, his prestige and stature have grown with time. His secret is a canny populism rooted in the curriculum of a poor peasant boy, gifted and persistent enough to work his way through university and then up through the Conservative Party machine.

He was the eldest of a family of 20, most of whom died in infancy, and he has consciously retained his links with the countryside. Yet he is equally at home with intellectuals and artists.

By Robert Graham
LATIN AMERICA EDITOR

This capacity to bridge several worlds without pomposity, combined with a knack of addressing a crowd, have made him an extraordinarily good communicator; and, for the first time in Colombian politics, helped to bring ordinary people into the political arena. Only Pope Paul VI, and the Spanish singer Julio Iglesias, have drawn bigger crowds in Bogota.

He has also managed to convey the impression that he really enjoys his job. He delights in appearing unannounced at functions. His uncontested popularity has furnished him with a legitimacy and a power that has permitted him to go over the heads of politicians and appeal directly to the people.

This popular power base has enabled President Betancur to take the initiative in reducing the power of the military, tighten up on corruption and seek an end to guerrilla violence—three elements which have been constant in destabilising Colombia over the past 25 years.

Previous presidents have either been hand-in-glove with the military or too weak to oppose them. They invariably turned their back on the corrosive effect of Colombia's all pervasive corruption and approached the guerrilla problem in a ham handed manner that only led to escalated violence.

Indeed, Colombia has always seemed a curious cocktail of two states. The formal institutions of state have existed alongside a parallel world of armed violence, mafia-style gangs controlling the drugs trade and powerful individuals answerable to no one. The result has been to turn Colombia into one of the most violent and lawless societies in Latin America. (The list of caveats for a visitor to avoid robbery or personal injury in Bogota are formidible).

Perhaps the most tangible achievement so far of President Betancur has been to raise the level of public consciousness on the need for a fundamental change towards a more peaceful and tolerant society. Striking proof of this came last autumn when left wing guerillas kidnapped the President's own brother.

Kidnapping is a common occurrence in Colombia, with as many as 200 persons or more held by kidnappers at any one time for a mix of political, financial and personal motives.

The fate of these persons, ransomed if lucky, more often brutally murdered or mutilated, rarely gets mentioned. But in the case of the President's brother there was a public outcry, and demonstrations demanding his release throughout the country's major cities. And he was released, almost immediately, the guerillas implicitly admitting their error.

The incident showed, much to many people's surprise, that there was a line drawn: you don't kidnap the President's brother.

A Left-wing guerrilla movement has been operating in both cities and the countryside for more than two decades: so long as to make their campaign and that of the military to crush them almost institutionalised. To break this mould, President Betancur in November 1982, offered a full amnesty to guerrillas. He also sought to give more teeth to a peace commission set up by the previous administration.

He followed this up, a year later, by making an even bolder move. On a visit to Madrid last autumn he had a meeting with guerrilla representatives, using the good offices of the Spanish Government.

Since then, contact has been maintained with the main guerrilla movements, the Colombian Revolutionary Armed Forces (FARC), close to the legalised Colombian Communist Party, and M-19, five years old and recruited many disillusioned intellectuals and urban middle-classes.

The guerrillas are conditioning a ceasefire as an end to the army's search-and-destroy missions in the countryside, guarantees on personal safety for those who lay down their arms and an end to the army-backed death squads. There are reckoned to be some 11,000 active guerrillas and, significantly, only 920 have taken advantage of the amnesty for fear of reprisals.

The official legal process has so far proved powerless to bring to book officers with known links to the death squads.

The military, for its part, has been schooled in the need to combat leftist subversion and is reluctant to end what it sees as an incomplete fight. So the process of national reconciliation, which President Betancur so keenly wants to promote, has become circular.

Last month he took a firmer stand with the military and reshuffled a number of top posts including the powerful Defence Minister, General Fernando Landazabal Reyes. He also made a curt speech to the military in Cartagena on the occasion of the delivery of a West German corvette.

"The President is the commander of the armed forces, which obeys his decisions," he reminded his audience. The military seem to realise that it cannot go against a popular president but it can still do a lot to obstruct his will.

The guerrilla movement is essentially indigenous, feeding off poor land distribution and rural poverty rather than imported ideology and Cuban assistance. However, one of the motives behind President Betancur's strong personal involvement in promoting the "Contadora" initiative for peace in Central America was regional co-operation in coming to terms with guerrilla insurgency.

Unless the guerrilla problem is tackled, rural development will continue to suffer and the military will retain an excuse to interfere in politics. The guerrillas are reckoned to control up to one-third of the country's arable land.

Superficially, the guerrilla problem is the most obvious on President Betancur's plate. But a more pernicious one to eradicate is that of the pervasive influence mafia-style individuals whose power stems from the hugely profitable drugs trade. These people have the muscle to override the law and buy most in high places.

The ever-growing demand for cocaine in the U.S. has seen

CONTINUED ON NEXT PAGE

ON OTHER PAGES

Cautious economic policy pays dividends

"GIVEN THE decline in growth of countries like Chile and Peru, and the debt problems of Brazil, Argentina or Bolivia, Colombia almost looks a success story. This is not to say we are entirely sanguine about the state of the country's economy."

This is the kind of back-handed compliment given to Colombia these days by international bankers.

By Robert Graham

Colombia has been immune from the effects of recession or the problems of debt that have afflicted the whole of the Latin American continent during the past two years. However, the country is in better shape than most, if not all, its neighbours.

Almost alone it has sustained positive growth, albeit greatly reduced from the previous decade. So far it has managed to avoid renegotiating its foreign debt of $6.4bn, which represents 18 per cent of GDP.

In proportion to its resources, Colombia is also the Latin American country with the largest investment programme and enjoys the exciting prospect of becoming the continent's leading coal exporter within the next five years.

That Colombia is suffering less than its neighbours is due above all else to the conservatism and caution which has surrounded economic policy, only briefly ignored at the end of the seventies.

Unlike Chile and Argentina, it has not gone in for a full scale liberalisation policy that flooded the country with cheap imports and put local industry to the wall.

Government controls on pricing and imports have been considerable. This may have left industry overly protected, but it, nevertheless, has avoided the kind of unemployment problems evident in Chile as a result of large-scale bankruptcy of industry there.

It has also enabled the Government to manage the economy more tightly.

"We have always sought to keep growth within manageable limits," says Dr Edgar Gutierrez Castro, the Finance Minister, who has been the key economic figure under the administration of President Belisario Betancur.

Consistent with this philosophy, Colombia has targetted modest development aims. It is remarkable at a time of financial squeeze how few projects look like being axed as being uneconomic. Some eyebrows have been raised by pushing ahead with the Medellin metro project costing $650m at current prices.

Detractors argue this was a political project backed by President Betancur in his native region and should not be a priority. However, Medellin is both where the worst unemployment exists and where industry and entrepreneurial skill have their strongest rooting. It is also the second most populous city in the country.

It is worth underlining that Colombia has worked closely with the World Bank on nearly all its development plans, even though in the case of the Medellin metro the latter is not directly involved either as financier or planner.

The World Bank almost from its inception has been involved with Colombia. Arguably no other developing country enjoys such a close inter-change of information and ideas with the World Bank.

At one level this has ensured the continued imprimateur of approval from the World Bank —an important plus in dealing with the international banks.

At another level this relationship has contributed to a high level of technical competence in planning. Colombia, incidentally, is the promptest and most detailed in providing economic statistics throughout Latin America.

There is another aspect to Colombia's economic performance which often goes unsaid. The country possesses a vigorous parallel economy which centres round the drugs trade. The impact of this billion dollar business, that entails illegally supplying the U.S. and to a lesser extent Europe, with cocaine and marijuana, is impossible to quantify.

But officials concede that the cultivation of cocaine and marijuana leaf underpin rural incomes in many areas; while the filter effect of laundered money is felt from banking through to construction and textiles.

This parallel economy has become an integral part of Colombian life and is unlikely to be stamped out—best illustrated by the way in which the main money changers in Bogota conduct their trade on the pavement in front of the Banco de la Republica under the seeming protection of the bank guards' sub-machine guns.

The existence of this parallel economy has an even broader impact than might be imagined because it has spawned an "Italian" style entrepreneurial attitude whereby thousands of businesses exist outside the orbit of official statistics and regardless of prevailing economic policy. The activities covered range from straight contraband, illegal mining and export of gems (especially emeralds) to ready-made clothes.

The most negative consequence of this situation during the past two years has been the linkage between the parallel economy and the banking system.

The banks have tended to be the bridge between these two worlds and have found their fingers badly burned by either fraudulent operations or improperly judged risk.

The result has been the worst banking crisis in Colombia's history. However, there are those that argue without "hot" money in the system the crisis would have been worse still.

Last year, Colombian GDP grew at 1.5 per cent, an historic low against the annual average for the previous 20 years. This reflected a sharp drop in domestic demand and the recession among its neighbours, especially Venezuela.

At the same time, the pace of investment expenditure held at the previous year's levels as the government sought to boost deteriorating public sector revenues and limit further resorts to international borrowing.

The cushion of rising international coffee prices which provided nearly 60 per cent of export earnings in the late seventies, disappeared as the market stagnated.

The main features of policy during the past 12 months have been tough import restrictions, an exchange rate policy of progressive devaluation and a new emphasis on improved tax collection.

A strict system of import licences has been primarily designed to curtail unnecessary expenditure of vital foreign exchange and rescue a widening trade gap.

According to Sr Jorge Ospina, deputy director of the National Planning Office, up to $1bn was thus cut from Colombia's import bill in 1983—nearly one fifth of the previous year's total.

The licensing system covering 80 per cent of imports also served to protect some domestic industrial production, especially the textile industry which had been hard hit by a flood of cheaper imports both legal and contraband.

The authorities in 1983 devalued the peso 28 per cent against the dollar, the main traded currency. This followed the Betancur administration's direct devaluation in August 1982 of 19 per cent. The 1983 progressive devaluation was designed to be 10 per cent above inflation.

Officials are conscious that the peso remains overvalued, perhaps by as much as 25 per cent. The aim is to make further corrections to the peso-dollar parity during 1984; but still using the same yardstick of maintaining the level of devaluation 10 per cent above inflation.

Controlling inflation, according to Dr Gutierrez, is the main problem for the government this year.

Wages, at best, will be held constant in real terms; but the Government almost certainly will have to tackle price rises among the utilities, especially for water and telephones.

Last autumn, President Betancur rolled back substantial price rises for these two items after a wave of protests.

The Government, on the one hand, needs to raise cash flow for the utilities to help them service foreign debt; but, on the other, has to balance genuine popular protest and the need to control inflation below 20 per cent. Utility prices will now be raised progressively.

Government revenues have been affected by the decline in imports, and not fully compensated by an increase in direct tax receipts, up 45 per cent. However, improved tax collection and the modest fiscal reforms of last year have encouraged Dr Gutierrez to proceed with plans to introduce VAT in Colombia.

Improved tax collection and fiscal reform are essential to boost revenues and help lower the budget deficit of both the central government and the regional administrations. (In Colombia administration is considerably decentralised).

The fiscal deficit of the consolidated public sector reached as high as 6.5 per cent of GDP in 1982 but has subsequently dropped to around 5 per cent.

Strenuous efforts have been made to avoid resort to foreign borrowing to finance the public sector deficit. So far, the Government has been successful.

Reserves were primarily used to repay short-term debt last year, resulting in a drop from $4.7bn to $3bn.

By current Latin American standards this is still a comfortable reserve and includes 125 tonnes of gold (valued at $270 per ounce). It roughly covers nine months imports.

The Government has placed a limit on drawing down reserves to a minimum four months import cover. The extent to which reserves will be drawn down this year depends on three elements—the upturn in neighbouring markets, especially Venezuela; continued tight controls on imports; and the inflow of foreign exchange.

As yet, there is no sign of an upturn in Venezuela. Last year Colombia lost some $500m in exports and workers remittances, says Dr Gutierrez. This loss was keenly felt. Against this Dr Gutierrez is convinced that 1983 saw the Colombia economy bottom out. For instance demand for cement and steel has begun to revive.

The Government is banking on reactivating the economy and achieving 2.5 per cent growth through strong incentives to the construction industry. Construction now accounts for almost 4 per cent of GDP. A combination of Government-sponsored public works programmes and plans to construct 400,000 housing units should provide an important stimulus.

Further activity will be generated by on-going investments in mining—especially coal—projects like the Medellin metro and major expenditure on developing Colombia's hydro-electric potential.

The latter investments offer the first genuine opportunity to diversify the economy away from its dependence upon coffee which still provides over 50 per cent of all export earnings.

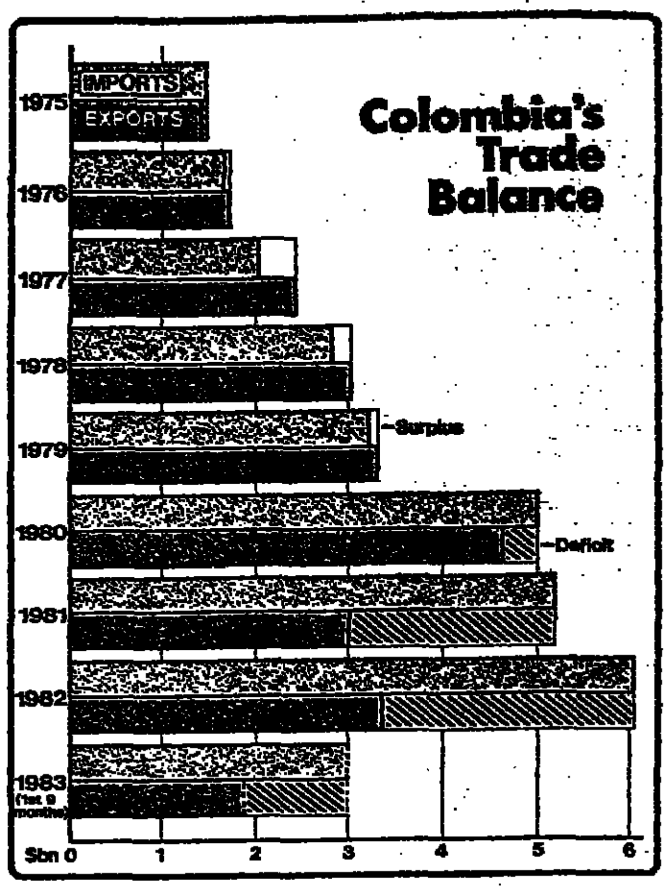
By 1990, on conservative estimates, coal exports to the U.S. and Europe should be earning $1.2bn, almost the same as coffee.

The hydro investments, strongly backed by the World Bank, also offer cheap energy to new industries.

These long-term prospects of utilising abundant natural resources have helped calm bankers' fears that in the short term Colombia has still a difficult path to steer.

The confidence of the international banking community remains essential for Colombia's development plans. Last autumn in Paris, Colombia presented details of its borrowing needs for investment that total $9.4bn between 1983 and 1986.

It needs to borrow roughly $2.2bn a year from the commercial banks. The litmus test of the banks' attitude towards Colombia will be a forthcoming $370m loan for the energy holding company, FEN.



BASIC STATISTICS

Area	1,139,000 sq km
Population	27.1m
GDP	2,033.9bn pesos (1981)
GDP per capita	75,052 pesos
Imports	US$5,176m
Exports	US$3,230m
Exchange rate:	*$1=90.19* pesos
	£1=126.71 pesos

BALANCE OF PAYMENTS

(Figures in $m)

Current earnings	1981	1982	To October 1982	To October 1983	Annual 1981-82 %	Until October 1982-83 %
Export of goods	2.925.5	2.731.6	2.133.6	2.846.5	−11.8	−19.0
Coffee	1.362.8	1.223.5	991.2	753.6	−10.2	−23.5
Gold	239.1	168.6	137.6	152.9	−29.5	11.1
Oil	86.5	179.1	142.6	98.6	107.1	−30.9
Services and transfer	1.734.6	1.3.6.6	1.101.1	622.6	−24.1	−43.5
Current payments	5.640.5	5.623.0	4.777.0	4.621.2	−0.3	−3.3
Imports	3.797.0	3.313.6	2.831.5	2.831.5	−12.7	−7.0
Services and transfer	1.675.1	1.934.0	1.633.8	1.655.2	15.5	1.3
Balance	−654.8	−1.227.1	−1.262.1	−1.774.7	−87.4	−40.6
Net capital movements	868.0	486.8	437.2	−19.8	−43.9	−95.5
Change in reserves	213.2	−740.3	−824.9	−1.794.5	−447.2	−117.5
Net reserves	5.630.2	4.890.8	4.806.2	3.050.8	−13.1	−36.5

Source: Banco de la Republica

PUBLIC EXTERNAL DEBT

(Figures in $m)

Year	Loans contracted	Utilised	Amortised	Interest/commissions	Total debt outstanding	Awaiting disbursement
1974	237	401	198	99	2,220	713
1975	367	395	125	117	2,470	687
1976	471	255	150	108	2,562	898
1977	520	393	182	142	2,779	1,027
1978	802	327	230	172	2,896	1,529
1979	1,376	977	418	231	3,456	1,946
1980	1,552	1,018	258	284	4,179	2,476
1981	1,625	1,299	266	402	5,168	2,740
1982	2,313	1,291	336	600	6,078	3,734
1983 (June)	415	432	158	234	6,336	3,699

Source: Banco de la Republica.

President Betancur makes his mark

CONTINUED FROM PREVIOUS PAGE

business boom. A measure of the scale of the business emerged last month when an American court began trying a group of American and Colombian citizens on charges of having introduced drugs worth $3.2bn on the open market.

Colombian officials are acutely embarrassed by the country's international image as a major purveyor of drugs, arguing rather innocently that Colombia is merely responding to demand.

But they know full well that the illegal drugs traffic provides an important source of funds both to rural incomes and to the economy at large. However, the broader effect is to encourage a more lawless society.

Some efforts have been made to tighten up. The Government has also shown more will than expected in investigating corruption. To some extent this has been forced on the Government by a series of bank failures that have involved fraudulent management.

A sign of the times was the flight to Miami last month of Sr Jaime Michelsen, head of the Banco de Colombia and part of the country's most powerful financial family. He fled just before an arrest warrant was issued, and a government appointee is now running the bank.

There is a danger that form becomes more important than substance in President Betancur's policy, and that his popularity becomes pure populism. In the economic field he has shied away from introducing truely unpopular measures to cope with recession. For instance, last autumn he was obliged to rescind hefty utility price rises after a wave of popular protest.

Bold reforms

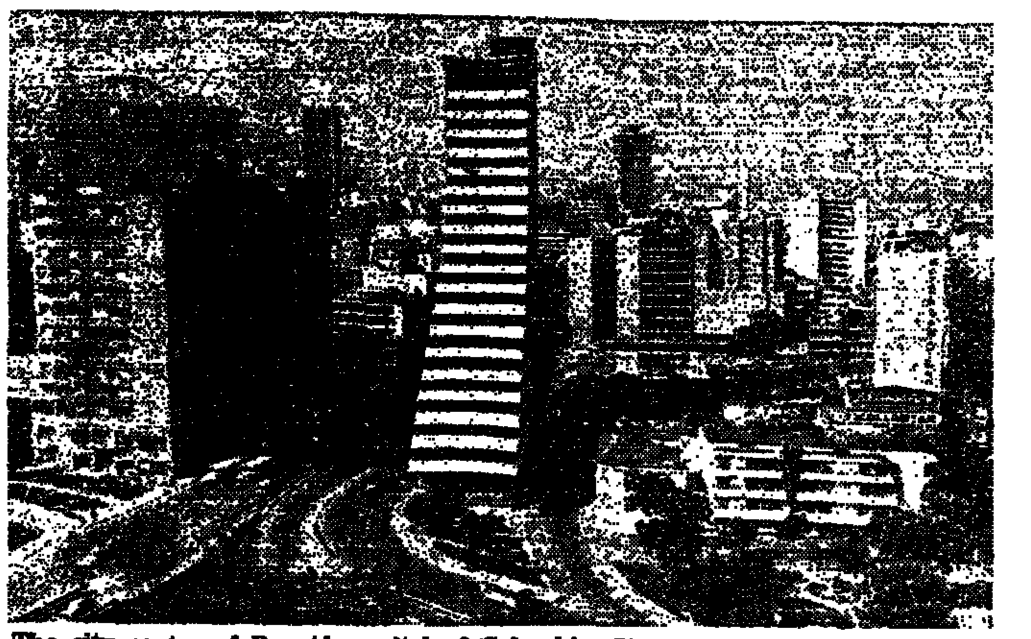
This said, his administration has, albeit slowly, been willing to devalue the peso and introduce much needed fiscal reform. He has been unafraid to rely on the services of a politically independent Finance Minister, Dr Edgar Gutierrez Castro, who has retained the confidence of the international banks.

Between them, last December, they cudgelled Congress into accepting revised ceilings on foreign borrowing. On the basis of detailed development plans, Colombia intends to borrow $9.4bn between 1983-86.

Through tight import controls and a degree of subsidy to domestic industry, a three-year-old recession has begun to bottom out. The main test this year is whether the President can persuade workers to limit their wage demands in line with inflation of below 20 per cent.

Colombia has not suffered as badly from recession or debt as other Latin American countries largely due to conservative economic management. Colombia and Paraguay were the only countries on the continent last year not to renegotiate.

This, and Colombia's anarchic democracy, is not a small achievement.



The city centre of Bogotá, capital of Colombia. Street dealers sell a wide variety of contraband goods, including tape cassettes, toys and household goods

Banks facing a prolonged crisis

COLOMBIA'S banking system is in the throes of a prolonged crisis, brought on by a combination of the domestic recession and imprudent management. Perforce, the state has been obliged to become more directly involved in the running of the commercial banks and finance houses.

Although one bank has been nationalised, Banco del Estado, the Government has sought to avoid overt nationalisation. However, to some the Government action that includes the appointment of key board members to the two leading banks, Banco de Bogota and Banco del Colombia, looks like creeping nationalisation.

By Robert Graham

The Government has been at times slow and diffident in dealing with the banks, largely because the main shareholders wield considerable political influence. However, those that doubted President Belisario Betancur's pledge to clean up the banking system had a rude surprise in January.

Sr Jaime Michelsen Uribe, a member of the most powerful family business group in the country, was obliged to quit his position as head of Banco de Colombia. Sr Michelsen fled the country for Miami just before an arrest warrant was issued.

Banco de Colombia, part of the Grancolombiano conglomerate, had been under official scrutiny since 1980. However, it was thought "untouchable." Inspectors are now assessing the extent of irregularities within the Grancolombiano group, especially a series of inter-company dealings.

The difficulties of the banks and finance houses became evident in mid-1982. The difficulties stemmed from the nature of commercial banks who were usually linked directly or indirectly to a series of industrial and commercial enterprises.

Lax banking supervision had permitted the banks to build up excessively large exposure in these linked companies, some of which were no more than paper operations to divert funds to private shareholders' own speculative interests.

This was especially the case with property investments. The dangers of this over exposure and inter-company lending were concealed so long as the economy expanded, and while an artificially high peso-dollar parity, combined with high domestic interest rates, permitted easy dollar borrowing. However, as the economy contracted sharply from 1981 onwards and when in 1982 the peso was adjusted downwards, the difficulties emerged.

In mid-1982, two banks were intervened, Banco del Estado and Banco Nacional. The Government subsequently decided it had no recourse but liquidate Banco Nacional whose losses were more than pesos 5bn. Banco del Estado was nationalised and the bulk of its losses assumed by the central bank, Banco del la Republica.

The Government has also been obliged to intervene in the Banco de Bogota, the oldest commercial banking institution founded in 1870.

However, the motives were somewhat different. Towards the end of 1981, the industrial entrepreneur, Sr Luis Carlos Sarmiento, who had built a highly successful empire out of low-cost housing and had branched into banking, tried to acquire majority control of this bank. This led to Colombia's biggest ever takeover battle.

A group of shareholders in the bank sought to block Sr Sarmiento. The result was a costly battle to retain control which succeeded, but leaving the value of the shares highly inflated, held by both winners and losers.

The takeover battle thus obliged the Banco de la Republica to step in by loaning funds to the shareholders whose resources had been depleted, and by placing approximately 75 per cent of the shares in trust with the state-run coffee growers bank, Banco Cafetero.

Reshuffle

These shares are now on offer to the public, to be sold off over a seven year period. In the meantime, the board has been reshuffled with a majority Government appointees.

So far no shares have been purchased. This reflects a belief that the shares are too highly priced. Purchase has also been inhibited by legislation enacted in October, 1982, limiting direct or indirect bank ownership to 20 per cent.

The aim of this legislation was to block a person, or group, building up too powerful a stake, of particular concern in Colombia where a lot of money is "hot," deriving from the illegal drugs trade.

If no buyers come forward, then Banco de Bogota could fall permanently under direct state ownership.

In the present climate, such an eventuality cannot be excluded. Diffidence among potential buyers also stems from fears that despite improved bank inspection, Colombian banks still carry an excessively high ratio of bad and doubtful debts.

A recent study in the magazine, Estrategia, showed that bad and doubtful debts amounted to 5 per cent of total commercial bank loan portfolios.

One uncertainty here continues to be the status of Colombian bank subsidiaries in Panama. At one stage last year, Colombian bank subsidiaries in Panama were reckoned to have outstanding loans of $2bn, mostly with Latin American borrowers. Most of these funds had been borrowed short and lent long.

Since mid-1983, the authorities have exerted considerable pressure on the banks to both reduce their Panamanian risk and assume unambiguous responsibility for it—a factor which worried the international banks.

Bank profits have been seriously hit by the crisis. If true provision were being made for doubtful and bad debts, very few banks would have turned in 1983 profits. Margins, unnecessarily large, have been cut and there is greater competition for business. But the banks complain that their recovery is hampered by high reserve requirements of the central bank. In the case of demand deposits it is 45 per cent.

A final consequence of the crisis has been a move by the public to place more deposits with official savings institutions and with the seven banks in which foreign banks hold up to the prescribed 49 per cent.

Colombia emerges as the most visible and vocal member of the four-nation Contadora Group which seeks to find peace for the region

Key role in Central American relations

"WE DON'T want a real 'world role,' we're not that powerful," says Señor Rodrigo Lloreda, Colombia's Foreign Minister. "But we think we can help and look at things in an objective way."

Under the guidance of Sr Lloreda, a 42-year-old labour lawyer, former Cali newspaper director and Conservative senator, Colombia has emerged as the key member of the Latin American four-nation Contadora Group, in its bid to find peace in Central America.

While its partners Mexico and Venezuela have been more preoccupied with internal economic crises, and Panama has been content to be the group's host but junior partner, Colombia it is that has often taken the most visible, and vocal, roles.

By Peter Chapman

Looking at things in an "objective way," however, has involved a remarkable transformation in Colombia's foreign policy.

Before the Betancur Government took office in 1982, a Colombian foreign policy could hardly be said to have existed at all. If it did, it took the form of little more than knee-jerk affirmation of the prevailing world-view in Washington.

During the past year of the Contadora process, Colombia has taken such vital steps as setting up the first meeting between the Salvadorean rebel opposition and President Reagan's special envoy to Central America, Mr Richard Stone.

President Betancur, meanwhile, in face-to-face meetings since he took office has both ticked off President Reagan for U.S. intervention in Central America and demanded to know from Mr Stone just when the U.S. is going to stop paying lip service to Contadora in place of concrete support for it.

Surprise

Other Colombian moves, too, have made eyebrows jump no less sharply in Washington, like the decision to join the Non-Aligned Movement — a step which, through the perceptions of the Reagan White House, is tantamount to jumping straight into bed with Fidel Castro. To celebrate its commitment, Colombia will be hosting a meeting of the non-aligned this year in Cartagena.

"When Colombia acted as an unconditional friend, we were of no real use to the U.S.," says Sr Lloreda. "Now we have a more serious relationship. More controversial, but constructive."

One area where Colombia aims to be most constructive is impressing on the U.S. Latin America's right to find Latin American solutions to its own problems like Central America. Solutions, too, which do not necessarily take the views and interests of the region's occasionally overbearing, and often unthinking, northern neighbour as the yardstick by which all else should be judged and decided upon.

"In Latin America, we have a common culture—you might say a common destiny. But, generally, the U.S. looks to the East and West, and not South. Only when something happens, like Cuba or Central America, does the U.S. take any notice of us. Thank goodness we have a communist country down here like Cuba, or we'd disappear completely," notes Sr Lloreda, only half jokingly.

Was it not just wishful thinking, that Contadora could operate independently? Like the UN, I asked, was it not just a "good idea" but without teeth?

"Yes, we need more legal agreements to control and verify things. This is difficult because we are not a military power, but a diplomatic group. But someone has to do the job. If you start killing good ideas because they are not immediately effective, you return to the law of the jungle."

According to Colombia, that jungle is not only occupied by the American eagle, but also by the Soviet bear, or at least indirectly through Cuba. Though Sr Lloreda's view hardly squares with that of the recent Kissinger report on Central America, that the region is already firmly part of the East/West struggle—"we're trying to avoid the direct involvement of the superpowers and so far, at least, they haven't said no."

Colombia under the Betancur Government has also provided important channels for other aspects of foreign affairs. Close relations between Colombia's Conservative administration and the Socialist government in Spain, for example, have provided a good platform for Spain's efforts to transform old cultural links with Latin America into firm political and economic ties.

Logical step

According to Señor Lloreda, the example of Contadora has led African nations to approach Colombia asking how the smooth functioning of such a group is possible. "Perhaps it could also be the type of regional forum needed to find solutions in the Middle East."

As for the move into the Non-Aligned, this, according to Señor Lloreda, was a logical step for a Third World country. "It can also show the Africans and Asians that Latin Americans are not just slaves of the U.S., as they sometimes think we are, but that we can take positions independent of both power blocs."

"Those two big blocs need a little pressure because if the smaller countries don't join together, the big powers will keep their privileges, political control and economic monopoly. For example, labour unions," concludes Sr Lloreda, drawing on his past experience, "don't get anything because companies decide to be 'good guys.' They have to pressure, otherwise you get nothing. It's the law of life."

El Cerrejón is destined to become one of the world's biggest open cast coal mines

$3.2bn project well on schedule

IN A remote corner of north-eastern Colombia, giant trucks and railway wagons are being *unloaded onto a pier* floated in sections from Japan. Two years ago, there was a skeleton camp on the site—and two years hence, a modern port capable of handling 10,000 tons of coal an hour should be coming into operation. So far, the rail tracks only run a little way into the windswept Guajira desert, but the line is to stretch 150 kilometres inland to El Cer*rejón by the end of 1984.*

More than $3.2bn are being invested in developing El Cerrejón by the Colombian company, Carbocol, and Intercor, an Exxon subsidiary. The joint venture contract covers the northern part of the steam coal deposits, where reserves are estimated at 3bn tonnes down to a depth of 300 metres.

A vast area has already been *laid* bare, and huge mechanical shovels will soon begin loading coal onto the 154 ton trucks.

Alongside the open cast pit, two silos nearly 80 metres high are being constructed; railway wagons will be filled as they pass underneath, en route to the port at Bahia de Portete.

All the numbers associated with El Cerrejón are staggering. As Enrique Danies, president of Carbocol, says, the project has forced Colombians to think on a *different* scale. Up to now, coal production has been running at little more than 5m tonnes a year, mostly from small antiquated pits. El Cerrejón's annual output is to reach 15m tonnes—all for export—by the end of the decade, and could rise to 25m tonnes or more later on.

Export credits

Despite some financial problems on the Colombian side during 1983, El Cerrejón is well on schedule. Short-term loans from commercial banks have been used to bridge gaps, and export credits for equipment purchases have been offered by countries such as the U.S., Japan, Great Britain and Canada.

The investment is shared equally between Carbocol and Intercor, and the exploitation phase of the contract runs for 23 years—in 2008 all the installations revert to Carbocol.

Although costs and production are also being halved by the two companies, Intercor's


Optimistic: Señor Enrique Danies, president of the Colombian coal company, Carbocol

15 per cent basic royalty payment (this may rise, according to sales levels) pushes Colombia's share of coal output to 57.7 per cent.

Nationalist criticism of the contract—and of the master contractor, Morrison Knudsen—have died away as more and more work is awarded to local companies: about 60 per cent of the project's investment involves Colombian goods and services, according to Intercor.

Regional aspirations have been met by increasing the proportion of Guajira region employees on the payroll, and by the decision to expand and improve existing urban centres rather than build a new company town.

To secure land for the road and railway between El Cerrejón and Bahia de Portete, dozens of cemeteries belonging to the Guajira indians had to be moved, with feasts lasting eight days to re-bury the dead.

The big question mark hanging over the project is the future price of coal. Both Carbocol and Intercor are optimistic, and say El Cerrejón's excellent quality product (the coal has a high calorific rating and very low ash and sulphur content) will be coming on the world market at just the right time.

The booming coal outlook reflected in original calculations may have faded, but Carbocol's marketing manager, Leon Teicher, insists that the market is there. Carbocol's price forecast for 1986 is U.S.$ 59.00 a ton (FOB, 1983 dollars), and Señor Teicher says a third of El Cerrejón's production for that year has already been contracted.

Confidence in sales is running so high that the first coal shipments will be made nearly a year early. Exports from the northern zone of El Cerrejón were due to begin in 1986, but are now scheduled for April 1985. The coal handling facilities and port, designed for *ships us to 150.000 tonnes,* will not be ready, so a small pier and barges will be used to load some 2.2m tonnes during 1985.

Interest

Apart from Colombia's urgent need for foreign exchange, Señor Danies says the early start will allow problems to be ironed out before large scale exports get going—and the buyers are interested.

Carbocol has already been selling coal from the centre zone of El Cerrejón to Spain and Puerto Rico. Although delivery costs are relatively high, with the coal being trucked to Santa Marta for shipping, Colombia is well placed to serve the Caribbean and Central American countries with small quantities.

Last year production was just over 400,000 tonnes and the target for the centre zone is only 1.5m tonnes a year at present; part of this is needed to supply a new 150 MW thermal power station nearby.

However, once the northern project's infrastructure is complete, coal from the central area will use that route, at much reduced cost. In the longer-term centre zone production could rise beyond 8m tonnes a year, but this would mean expanding El Cerrejón's rail and port capacity.

Such plans also depend on finding more clients: Carbocol is anxious to sell direct, and to build up a reputation for Colombian coal.

Agreements with Denmark, Ireland, Israel and Spain cover over 3.5m tonnes a year from the northern zone and Carbocol reports excellent prospects of breaking into the U.S. market.

Carbocol is estimated to have at least 16bn tonnes of coal reserves, and El Cerrejón in only one of several big steam coal deposits within reach of the Caribbean coast.

Inland, near Bogotá, there are also substantial coking coal reserves, but an enormous investment in transport facilities would be needed for large scale production.

The World Bank is helping to finance a series of studies to put more accurate figures on Colombia's potential and the first—which has attracted the interest of numerous foreign companies, according to Carbocol's planning manager, Ricardo Cucalon—will cover the Alto San Jorge area in the north-west.

Carbones de Colombia has already developed a small part of this deposit and has landed a 350,000 tonnes pa export contract with the Dominican Republic.

More coal will be used for local consumption too, especially in cement plants and thermal power stations.

Attention is also being focused on the La Loma/La Jagua region, some 200 kilometres inland from Santa Marta. Agip Carbone and Charbonnages de France signed a preliminary agreement to explore the steam coal deposits around La Loma and it now looks as though this may develop into a firm project.

The European companies *would buy all the coal*—a production figure of 10m tonnes a year has been mentioned—which makes the venture attractive for Colombia.

Here again, the investment in infrastructure would be considerable, but other ventures in the same area are in the pipeline: Greenley (U.S.) and the Medellin steel company, Simesa, *may be the* first to get going with small shipments to Santa Marta, expanding production later on when a more efficient transport system has been developed—perhaps by river to Barranquilla or Cartagena.

Despite all these ambitious plans, projections of coal income are relatively conservative and reflect production forecasts for El Cerrejón alone: 1985 earnings are expected to be around $140m, rising to $1bn in 1990, according to the national planning department.

If, as is hoped, Colombia succeeds in supplying 10 per cent of the world market by the end of the century, coal exports should leave coffee far behind.

Sarita Kendall

Agriculture is the mainstay of Colombian trade

Coffee dominates farming sector

INCOMING Colombian governments tend to give agriculture high priority in their development plans—and President Betancur's has been no exception. But the claims of cities on government resources are more immediate, and budget-paring always seems to begin at the rural end of the spectrum.

Colombia's farm lobbies put this down to the identification of progress with industrialisation, an attitude that dies hard even when some of the country's most modern and profitable businesses—sugar production and flower growing, for example—are agricultural.

Apart from contributing 22 per cent of GDP, the agricultural sector is the mainstay of Colombian trade: in the first nine months of 1983, coffee earned 54 per cent of export income and other farm products accounted for a further 16 per cent.

Set against this, agricultural purchases (wheat and barley in particular) represent less than 12 per cent of imports.

On the whole, it is the dollar earning crops that have been most dynamic in recent years, while the production of foodstuffs for the domestic market lags behind population growth and remains in the hands of small farmers with limited access to credit.

An extraordinary range of climates and soils makes it possible to grow a wide variety of crops in Colombia—and some of them can be harvested all the year round.

Potatoes and barley on the high Andean ranges give way to coffee and fruit trees on the temperate slopes, sugar cane in the valley floors and bananas and rice on the tropical lowland plains. But erosion has blighted many parts of the highlands, and there is now increasing concern about re-afforestation and the management of water resources.

Rainfall is more abundant in Colombia than other Andean countries, and though both floods and droughts sometimes damage harvests, farmers are less inclined to complain about the weather than about violence.

At a recent agricultural congress, violence in the countryside was the main theme for discussion, and cattle ranchers have had to abandon properties in some parts of the country because of repeated kidnappings.

Seedlings being checked by an agronomist of the Coffee Growers' Federation in central Colombia

Carlos Ossa Escobar, president of the Colombian society of agriculturalists, says there has been virtually no new investment in the last four years, and farming frontiers are frozen; the main areas for expansion lie in guerrilla hands.

It is not only the large landowners who are affected by the security question—which at its lowest level means a big increase in costs—but thousands of peasants unable to cultivate their land in peace have joined anti-violence marches.

The Government's special programmes for investment in combat-ridden areas are far-reaching in theory, and include infrastructure and farm credit. However, finding the funds is proving more difficult, and independent experts believe the plans were hastily conceived, without sufficient attention to the underlying problem of land distribution.

Although extending the area under cultivation is not the only way of raising production, it is the most obvious one in a country where many crops already have acceptable yields and vast regions are practically untouched.

From 1975 to 1980, the agricultural sector grew by over 4 per cent a year on average, but production fell by 2.8 per cent in 1982 and registered little more than 1 per cent growth in 1983.

The overall economic situation and low international prices are partly to blame for recent stagnation, while farmers also criticise the government for failing to define policies and allocate sufficient resources to agriculture.

The Government is, however, taking action in two important areas: several big land improvement schemes, which include drainage and irrigation, are to be started this year with the help of foreign funds; and more money will be available for research and technical assistance.

On the other hand, the programme that most benefits small farmers — based on the integrated rural development philosophy favoured by international organisations — has been seriously weakened by its transfer to the ministry of agriculture, according to Señor Ossa Escobar.

Formerly run from the national planning department, the programme depends on close co-ordination between many institutions, from the health ministry to the state marketing organisation.

The Ministry of Agriculture is considered to be too short on political clout to make the complex machinery work.

Far from lacking political power, the Coffee Growers' Federation, Fedecafé, has a strong influence on government policy. Although Colombia's annual coffee production has risen from 8m bags to 13m bags in the last decade, exports nowhere match this growth.

Before the disastrous 1975 frost in Brazil, Colombia's share of the world market was running at 11 to 12 per cent, and this has gone up to more than 16 per cent; an International Coffee Agreement quota of 8.5m bags, combined with exports of around 700,000 bags to non-member countries leaves some 2m bags to add to stocks each year after the local market has been supplied.

The costs of maintaining stocks of over 10m bags are considerable, and the national coffee fund's debts have been boosted by the needs to finance the purchase of the ever-larger Colombian crop.

The appearance of coffee rust in Colombia is a blow, and producers will have to invest more in preventive measures as the fungus spreads.

A new rust-resistant plant—the Colombia variety—has been developed by Fedecafé, and the seed is being distributed as plantations are renovated.

Small-scale producers suffer most from the cost increases because yields from their ageing plants tend to be low. There has been a major change-over to the caturra variety in recent years, and a modern plantation of caturra produces at least three times as much coffee per hectare—this, rather than an extension of the area given over to coffee, accounts for the big rise in output.

Although Colombia is only too aware of the dangers of over-production, and Fedecafé sponsors a farsighted diversification programme, the way ICA quotas are calculated encourages the accumulation of stocks.

Jorge Cárdenas Gutierrez, manager of Fedecafé, has pointed out that "an agreement on quotas without a production policy is a mere palliative, and contains the seed of its own destruction by stimulating production through better prices."

Main customer

Colombia's most important client in 1982-83 was West Germany, which took 34 per cent of exports, followed by the United States with 19 per cent. Coffee income is expected to remain at about $1.550m in the short term as there is little prospect of exporting greater volumes or improving prices, barring climatic disasters.

Other agricultural earnings are much less predictable, however. Last year saw a big rise in sugar and cotton exports—sugar was up by 30 per cent to $40m and cotton up by 96 per cent to $26m in the first nine months of the year.

In response to better prices, cotton has made a big comeback, and a large harvest is expected this year.

Both bananas and beef fell in 1983, and the internal market for beef has been so weak that dairy farming is now a much more attractive investment, especially for luxury cheese and yoghurt products.

The flower business has grown dramatically in the last 10 years, and flower earnings—third to coffee and bananas in the export league—topped $120m in 1983.

Sarita Kendall

In Bogota a leather-worker makes baseball gloves for export; right, a supplies pier, floated in from Japan for the Cerrejón coal project

Tough year ahead for industry

ALTHOUGH CAMPAIGNS to "buy Colombian" have had some effect in boosting domestic demand for industrial goods, "selling Colombian" is proving much more difficult in a continent where everyone aims to cut imports.

Exports of clothing, leather articles, cement and printed products were all down by more than 20 per cent in the first nine months of 1983, and an increase in nickel and cotton textiles did little to offset the loss. For the second year running, industrial production fell by more than 2.5 per cent, but there are signs of recovery in some areas, including the hard-pressed textile companies.

Industry's contribution to GDP has dropped slightly since the mid-1970s and it now accounts for under 22 per cent. Nearly half of industrial production consists of non-durable consumer goods, especially food, drink and textiles, though investment in the petrochemical and chemical sectors has begun to change this balance. The regional distribution of industry has also been shifting, with Medellin losing ground to Bogota and Cali, partly as a result of the textile crisis.

Medellin's unemployment rate has eased since the middle of 1983, but at 16.7 per cent remains higher than that of other major cities; in Bogota and Cali unemployment is running at just over 11 per cent. However, those with jobs in the industrial sector have enjoyed a steady growth in purchasing power during the past six years, and minimum wage increases approved at the end of 1983 — several points above the inflation rate — reinforced this trend.

Sales slump

Industrialists disagree as to whether the small improvement in national demand means that the recession is on its way out, and many forecast that 1984 will be a tougher year. Apart from the foreign sales slump—aggravated by an over-valued peso, say exporters—industrial companies have accumulated large debts at interest rates well above the inflation level.

Government policy has changed radically under President Betancur, with much greater support for the industrial—as opposed to the financial—sector, and new measures to help capitalisation. Even so, high inventories, plants running at two-thirds of capacity or less, and a severe shortage of working capital are common headaches. Highly-organised contraband import and distribution systems have long been a bugbear of Colombian industrialists, who cannot compete with low priced electrical goods, spare parts and synthetic fibres, or the prestige value of foreign whisky and cigarette brands.

All these problems are magnified in the textile sector. The three textile giants, Coltejer, Fabricato and Tejicondor, together lost more than $35m in 1982. Coltejer estimated losses of about $15m at the end of 1983, but expects to break even in 1984. Somewhat optimistically the company has announced export plans worth some $40m for 1984, compared with overseas sales of $24m in 1983. Fabricato on the other hand is expected to take at least three or four years to recover from its heavy short-term debts and the effects of the Grupo Colombia's bad management.

Both Coltejer and Fabricato have issued new shares to "democratise" ownership structures and improve capitalisation. The crisis has also forced fundamental changes on the companies, which have streamlined production, raised quality and imported new machinery to counter the somewhat chaotic expansionism of earlier periods.

Fifteen years ago the big textile companies had over 60 per cent of the national market, while now this is down to a third, and small, specialised plants with lower labour and financial burdens have pushed their way in. With some companies going out of business, the outlook for others has improved — particularly as wage increases allow a greater proportion of income to be spent on clothing, and higher cotton prices boost foreign sales prospects.

Sarita Kendall

More foreign loans sought to develop energy sector

Big future for hydro-electric projects

WITH THREE Andean cordilleras rising to over 15,000 feet and innumerable mountain streams feeding the rivers in between, Colombia has an immense potential for hydro-electric power.

When oil prices began soaring ten years ago, the country was just changing over from being an oil exporter to an oil importer and the development of water resources became an immediate priority.

It still is and hydro-electric power now represents more than two-thirds of national generating capacity.

The recent connection of the coastal and inland systems, via a national grid, allows greater flexibility as the coast relies mainly on thermal power.

When inland reservoirs are low—and at the turn of the year some were down to a third of their normal levels—the coal- and gas-fired power stations act as a cushion against rationing; this at least is the theory but Bogotá's residents have often suffered daily power cuts in recent years and more are threatened.

Less than 5 per cent of the country's hydro-electric potential has been tapped so far and current plans will double capacity to over 8,000 MW in 1990.

At the Paris meeting of international financial organisations last year, more than a third of the funding Colombia requested for development projects was destined for the energy sector—that is, $3.5bn.

Matching foreign loans with local currency has been a constant headache and the government recently set up an electricity financing board to channel credit to regional authorities.

Although there is talk of exporting electricity in the future, this will depend on integrating grid systems with Panama and the other Andean countries.

Because national demand is growing more slowly than expected—current estimates lie between a low of 7.1 per cent and a high of 7.9 per cent a year, compared with earlier projections of 10 per cent—several schemes will come into operation a year or two late.

Work is just starting on the 1,200 MW Urra project in the north-western department of Cordoba and, though this may export power to Central America eventually, it will not be finished until 1992.

By this time coal should be redressing the energy balance.

The energy deficit has, in fact, already been reduced, partly because Colombia's crude production has risen to over 150,000 bpd and partly because prices of imported crude and petrol are lower but the fall in prices has also affected investment in oil exploration and self-sufficiency is further away.

After a spurt of activity in 1981 and 1982, exploratory drilling by foreign companies has dropped off and the Colombian petroleum company, Ecopetrol, does not have the funds to undertake costly projects in the higher-risk regions.

Although the eastern plains or "Llanos" are considered one of the most promising areas, Exxon's Arauca venture proved an expensive disappointment: more than $120m was spent on four deep wells (down to 20,000 feet) which produced too little to be viable at existing prices.

However, Occidental had much better results at 8,000 feet near the Venezuelan border and discovered reserves estimated at 40m to 60m barrels. This takes Colombia's proven oil reserves to about 550m barrels, though it means building a pipeline over the eastern cordillera to Ecopetrol's main refining centre at Barrancabermeja.

The decline in production of the older oilfields of the Magdalena valley will be offset by secondary recovery programmes and the addition of new fields — including some heavy crude structures—over the next few years.

If oil consumption grows at about 3 per cent a year, by 1990 it will be approaching 250,000 bpd—compared with an output of around 150,000 bpd.

Colombia will have to import crude to supply its refineries (refining capacity is now over 210,000 bpd and plant improvements could raise it to 230,000 bpd), as well as some petrol.

Grim outlook

This somewhat grim outlook is putting pressure on the Government to offer more incentives for exploration, but Colombia's association contracts and profit remittance levels are already fairly attractive by comparison with other Latin American countries.

The biggest natural gas reserves are on the Caribbean coast, and production from these fields is running at well under half their potential—the energy ministry is looking at projects to boost consumption, sumh as increased home distribution, and a urea plant.

Colombia is also experimenting with more exotic alternatives: small scale alcohol production using banana waste has begun, while two national housing bank developments have been supplied with solar water heaters.

S. K.

THE COASTAL TOWN OF CARTAGENA

Showpiece of Spanish colonial styles

CARTEGENA IS an exuberant antidote to the cool dourness of the capital Bogota. Here on the torpid shores of Colombia's Caribbean coast is one of the finest examples of a Spanish colonial town. It is as though a part of southern Spain has been transported with its red-tiled roofs, elaborately carved portals and sugar-white walls hiding interior patios but then surrounded with tropical vegetation and peopled by a polyglot mix of Africans, colonial settlers and native Indians.

Cartagena, which last year celebrated the quatercentenary of its founding, was the port from which the Spaniards conducted their search for the fabled gold of El Dorado. When it found it was from here that gold and silver was shipped to Spain.

Superb harbour

The choice was not by accident. Cartagena provides strategic control of the Panama isthmus. The site is also a superb natural harbour, approached by two easily defended entrances and nearly enclosed by a narrow outlet. The largest entrance was protected by an undersea wall (whose continued efficacy was recently proved when a pirate film's galleon had its keel shaved and sunk, the producers having ignored the barrier). The small entrance was narrow enough to run a chain across and was protected by two forts.

The town itself was encircled by a series of massive fortifications, often made from blasted coral reefs. These fortifications nearly always succeeded in keeping other preying colonial powers and pirates at bay—frustrating in siege, among others, General Vernon after whom Mount Vernon was named. The fortifications remain the most important piece of military architecture in the former Spanish Empire.

Cartagena has long since spawned a larger town that spills beyond the walls and the port has had its commercial role curtailed by Barranquilla further up the coast. But the essence of the colonial town remains, much of it carefully restored as a showpiece. Part has been done by the Government but also companies have been encouraged to buy up and restore some of the old houses of the nobility as prestige ventures, open to the public.

In the past 20 years the attractions the old town and its nearby beaches have made Cartagena the leading holiday resort in Colombia. Houses in the old town have become fashionable for writers like Gabriel Garcia Marquez (it is also a favourite haunt for President Belisario Betancur to relax). But the bulk has steered towards beachside apartments out of town.

The Government has built on the waterfront just outside the fortifications, a large and rather soulless conference centre. This is now being used for international meetings and major state occasions. The aim is to develop Cartagena as a conference centre. As it has a good airport and is within easy flying distance for the Caribbean and Central America, the Government sees it ideally placed—using the attraction of seeing Cartagena as the additional lure.

As it is also an hour's flight from the capital, local business has also begun to take advantage of Cartagena for conventions.

Air services

It is possible to visit Cartagena in a day from Bogota, providing the airlines stick to their timetables. The town is easy to walk round and there are plenty of fresh fruit juice stalls to sustain the visitor through the steamy heat. For those who like bull-fighting, the bull-ring is a must. It is the oldest in Latin America and made entirely of wood. When a bull strikes the barrier the whole frame of the ring shakes. A longer visit allows time to snorkel and visit some of the nearby offshore, palm-fringed and white sanded beaches.

The hotels, all out of the old town, are not as good as Cartagena deserves but there are two good restaurants—the Harbour Club (with a magnificent view of the port) and Paco's inside the walled city. Businessmen with an idle moment in Bogota should make the effort.

Robert Graham

COLOMBIA 5

Distrust among military hierarchy over Betancur policy

Guerrillas wary of new peace moves

THE ANGRY resignation last month of Gen Fernando Landazábal from the post of Defence Minister was a clear sign of the Colombian military's discontent at the efforts being made by President Belisario Betancur to end, by peaceful means, one of Latin America's oldest guerrilla wars.

Landazábal, and other senior officers, believe that the armed forces should drive on to military victory against the country's various Left-wing guerrilla groups, some of which have been fighting since the 1960s.

By Peter Chapman

For its pains, the military hierarchy has been told bluntly by Betancur to keep its nose out of politics.

So ingrained has civil strife and guerrilla war become in Colombia that the Betancur Government seems convinced that more original methods to combat the problem are needed than those proposed by the armed forces—for more than a generation the military has had little success, runs this line of argument, so what makes it think it can do any better now?

In the decade of civil war from 1948—the period known simply in Colombia as *la violencia*—sober estimates have it that at least 135,000 people died. This was the period when peasant bands loyal to the dominant Liberal and Conservative parties largely slogged it out among each other in the Colombian countryside, amid scenes of brutality startling even by the often graphic standards of Latin America.

But it was the electoral pact between the Liberals and Conservatives aimed at ending *la violencia* that provided the basis for the modern guerrilla movement.

As the two parties swapped power between them over the next 16 years, Colombian election days were marked by a still familiar characteristic — mass abstention among a largely apathetic, and effectively disenfranchised, electorate. Left-wing guerrilla groups emerged to occupy some of the political vacuum.

Groups such as the National Liberation Army (ELN), which made its entry on to the public stage early in 1965, were among the first. The revolutionary priest, Father Camilo Torres, killed while fighting for the ELN a year later, today ranks second only to Che Guevara in the pantheon of the Latin American left.

Other figures live on, such as Manuel Marulanda, founder-member in 1966 and leader of the Communist party's Colombian Revolutionary Armed Forces (FARC); popularly known as *Tiro Fijo* ("Dead Eye") after his famed shooting ability. Marulanda occupies a key position in the peace process instigated by the Conservative Betancur government.

Well over 19,000 people have been killed in urban and rural warfare since 1958, according to police statistics.

Looking elsewhere than just to the military for an answer, the Betancur approach to the problem is essentially two-pronged: an amnesty to guerillas was offered in November 1982, while peace talks have been set up by a 40-member bi-partisan commission appointed by the President.

Estimates of guerrilla numbers range between 6,000 and 15,000 and in the first year of the amnesty's operation 920 were reported to have turned themselves in to the authorities. To accompany the amnesty the Government has also earmarked a good deal of money in credits to help former guerrillas find jobs and for development and resettlement projects in areas worst hit by fighting.

The guerrilla groups remain cautious, if not sceptical, about the Government's policy. The M-19 organisation, now in its fifth year and with the FARC the largest of the guerrilla groups, described the amnesty as "scarcely the first step."

It added, however, that something was necessary "to get out of the abyss of misery and moral chaos" being suffered by Colombia.

An important step forward, or rather back, from that abyss appears to have been taken last autumn when President Betancur met M-19 leaders for talks on neutral ground in Madrid.

A series of sessions of talks between M-19, FARC and other guerrilla group leaders and the peace commission have also been reported, with commission members unofficially predicting a satisfactory solution in the not-too-far-distant future.

Timothy Ross

Hooded leaders of the M-19 guerrilla movement holding a press conference near Bogota. They describe the amnesty as "scarcely the first step"

A potentially serious blow to the peace process came with the death in an aircrash last April of the M-19 leader Jaime Bateman.

Another followed in November when ELN members, unhappy with the whole issue of dialogue, kidnapped the President's brother, Dr Jaime Betancur, a university professor, in an apparent effort to make the government give up in disgust.

Neither M-19 nor FARC, however—groups which of late have been operating closely on a military level—seem to have lowered their interest in dialogue since Bateman's death. Following the abduction of Dr Betancur, furthermore, FARC issued an uncompromising statement calling on the ELN to release him quickly and to help form a "single, united front" among the guerrilla groups.

Kidnaps are far from rare in Colombia and often scarcely cause local people to bat an eyelid, but the reaction to Dr Betancur's release in early December, unharmed after two weeks in captivity, illustrated that the public mood for peace may be at its highest pitch ever. It coincided with a Government-supported call for peace and two minutes silence, with traffic and work stopping throughout the country.

The guerrillas complain, however, that one of the main obstacles to peace is the Government's failure to clamp down on the activities of right-wing vigilante groups and death squads trading under the name MAS—an acronym for the Spanish words "Death to Kidnappers." MAS is said to have killed more than 200 people in two years. In some of the worst-hit rural areas where MAS and the guerrillas have been exchanging blows, thousands of peasants are estimated to have fled.

Statements from within the Government's peace commission have accused large land and cattle owners of being behind the MAS squads. But the biggest storm came in February last year, when the attorney general released a list of over 100 people he said were MAS members. It included more than 50 active-duty security force members up to the rank of colonel.

One way or another, therefore, the armed forces seem determined to press an assumed advantage over the guerrillas—all told, the army is estimated to have 60,000 men. Rumblings from within the military, however, suggest that not only is President Betancur adopting an unduly soft line towards the guerrillas, but also that he is too preoccupied with international efforts to find peace for nearby Central America at cost to security at home.

But while sticking to its domestic guerrilla policy, the Betancur government argues that its approach to Central America is no less important for Colombia itself. An increase in tension in Central America and the likelihood of greater U.S. armed intervention—it argues—can provide no greater guarantee of support for Left-wing guerrilla groups in Colombia and throughout the sub-continent.

Timothy Ross

Narcotics police carrying out a raid by helicopter on coca plantations in the Llanos.

WAR ON SMUGGLING HOTS UP

Drug trafficking brings in more than £1bn a year

FOR THE last ten years Colombia's foreign earnings have been swollen by the profits of a highly lucrative clandestine trade.

Although nobody likes to put precise figures on cocaine and marijuana exports, most—including the minister of finance—agree that they bring in more than $1bn a year.

This represents only a small proportion of the multi-billion dollar fortunes that have been amassed by traffickers and salted away in the U.S. and other countries. But it is enough to exert considerable influence on the economy, on political institutions and on social values.

Colombia came to fame as a drug El Dorado when the Mexican and Jamaican marijuana trade was suppressed.

With an ideal climate and ready made smuggling structures, marijuana took off so fast that by the mid seventies cannabis plantations covered hundreds of thousands of acres.

Day and night-time shuttles of marijuana-laden aircraft and boats from the north coast gave Colombia an embarrassing reputation, and soon a U.S. supported blockade was enforced.

Marijuana crop

Growing moved into the eastern "Llanos," but such a large marijuana crop was being produced in the U.S. itself that traffickers began to switch to higher value, more compact cocaine cargoes.

The coca bush has been grown for thousands of years in the Amazon basin and the Andes mountains, and in many areas is still central to the rituals and diet of peasants and Indians.

Refined into cocaine, it becomes the "*champagne*" drug for sophisticated consumers. At first, Colombia was a staging post on the route northwards from Bolivia and Peru but gradually more refining was taken over—especially in the Medellin area—and a coca planting boom hit the Llanos.

A few years ago cocaine was in such short supply that big profits could be earned at every stage in the pipeline.

The easy money attracted so many producers and smugglers into the trade that over-production has sent prices tumbling. In 1980 the Colombian export price of quality cocaine averaged a little over $20,000 a kilo, and at the end of last year it was down to less than $8,000.

Cargoes of a ton or more, representing a huge investment, have been captured: one such shipment was found at Miami airport, packed in with flowers.

The latest U.S. strategy, tracing and seizing the money generated by cocaine trading, appears to be doing real damage to the people at the top of the trafficking structures. Money launderers have been arrested, and multi-million dollar bank deposits and investments confiscated.

An extradition treaty between Colombia and the U.S. was designed partly to further this work, but local criticisms of the agreement have made it difficult for the government to endorse the extradition of nationals.

Until last year, names were never mentioned in public in connection with the cocaine trade. Then two figures moved into the political spotlight—Carlos Lehder, with his own political movement, and Pablo Escobar, deputy to a congressman—and suddenly the use of drug money for buying power became a subject for congressional debate.

The Minister of Justice, Rodrigo Lara Bonilla, took up the cudgels against traffickers; at the same time the Government was cleaning up the financial sector, which has been fuelled and corrupted by the flood of drug dollars.

Even though "hot money" is known to have an impact on the exchange rate, house prices, interest rates and other economic indicators, there are no seirous attempts to evaluate such effects—mainly on the grounds that the arithmetic is impossible.

Most recognise that the scale of the cocaine business and its penetration into so many aspects of life (including sport) mean that it cannot be shrugged off as a "marginal problem."

But there is still considerable ambivalence over what should be done. For some it is the countries where the market lies that should assume responsibility though there is now a growing consumptionproblemin Colombia too.

Others see the inflow of dollars as a benefit the country cannot afford to spurn or as a form of income distribution and a s ocial leveller.

The discussion has only recently come out into the open, and it is difficult to tell whether "hot money" will produce fundamental political upheavals, or gradually merge into the nation's life.

Sarita Kendall

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The re-emergence of the line manager

Brian Groom describes how Perkins Engines is devolving responsibility for industrial relations

TWO WEEKS ago a shop steward came into the office of Ray Abell, a production manager on assembly lines at Perkins Engines in Peterborough, and said the factory was too cold. They called in the works engineering manager, and discussed the central heating system. Eventually the steward went back satisfied that enough was being done to correct the fault.

"Five years ago even a thing like that would have become a formal grievance. The steward would have taken it to the industrial relations office, while the workforce on the shopfloor would have seen nothing happening and they would still have been cold. But we are better equipped to give an answer," says Abell.

Perkins has been putting into practice an idea often discussed in British industry—the devolution of responsibility for "managing people" from specialists in central industrial relations departments to the ordinary line manager.

Sceptics say more companies talk about this than do it. Unions can be fiercely critical of the idea. At Perkins, union officials warn that a backlash is in store because line managers are creating problems by misinterpreting collective agreements. The company, naturally, believes not.

One thing is certain: the change has been dramatic. Like most of large industry, by the mid-1970s Perkins had developed a powerful central industrial relations department which took decisions at a high level. Across the table was a correspondingly organised trade union side.

In the enthusiasm for company systems, procedures and institutions which followed the 1968 Donovan Commission report into British industrial relations, this was seen as "progresssive." Donovan recommended the development of orderly and authoritative bargaining machinery to combat the unofficial strikes, "wage drift" and restrictive labour practices which had developed at plant level throughout much of industry.

At Perkins, the diesel engine subsidiary of Canadian agricultural machinery maker, Massey-Ferguson, there was every reason for centralised trouble-shooting. During the 1970s customers were queuing up for its engines, the plant was operating seven days a week, and the management's mind was concentrated on keeping production moving.

"Any industrial relations problem could cause disruption. So decisions were taken at a high level and were more pragmatic than based on any long-term policy," says Peter Jackson, director of personnel and employee relations.

"Industrial relations people were the firefighters and they had status because of that. Line managers didn't really take their own decisions because they felt they would be overruled. There was a tendency to cop out."

According to the company, the effect of this on the quality of production management began to be felt across a wider front than personnel issues. An "excuse mentality" developed in some areas, with line managers saying that if there was a throughput problem it was up to the work study experts to solve it, or if there was a layout problem it was left for the methods engineers.

Perkins' first real chance to try to reverse that came as a by-product of the onset of recession in April 1980. The company was producing more than 1,000 engines a day, but almost overnight the forward programme slumped to 550.

Rather than declare redundancies proportionate to the fall in demand, Perkins chose to make a smaller number of voluntary redundancies and preserve a large part of its capacity for an eventual upturn. But to survive, it wanted improved efficiency.

The subsequent package of new working practices was too complex to negotiate solely at the top level. It required 20 small management-union groups to examine work on a job-by-job basis.

Ray Abell, in the machine shop at the time, was one of the line managers involved. "It was a totally new development for me," he says.

That productivity deal gave Perkins a range of improvements: machine operators doing their own tool-setting; assembly workers doing rectification work on engines while under construction; inspectors carrying out their work "on the move" on assembly lines; and many others.

Line managers' involvement has been reinforced in four subsequent deals, which have cut Perkins' workforce from 10,500 in early 1980 to 5,700 now and given it above-average efficiency for British engineering.

Semi-skilled workers do a certain amount of traditional craft work such as changing air filters on their equipment; craftsmen are being trained to be multi-skilled, mainly by breaking down the barriers between mechanical and electrical fitters.

Communication methods have been reappraised. Videos have been introduced; 2,500 workers have attended two-day "Perkins Today" courses to learn about the business as a whole; company publications have been improved; all 350 managers and supervisers have received training in "action-centred leadership"; and "team briefing" has been adopted.

An idea devised by the Industrial Society, the body which promotes co-operation between employers and workers, team briefing* involves managers briefing foremen and then foremen briefing the hourly-paid on general and sectional issues in groups of 12 or 15. There is scope for questions from the workers.

An advantage of this is that it enables any alienation of foremen to be counteracted.

At Perkins, the foremen's responsibility for managing individuals has been reinforced by the elimination in the first productivity deal of 70 "group seniors" on assembly tracks—similar to charge-hands, the level between foreman and operative.

It is hard to judge how successful the decentralisation has been. Grievances have certainly fallen dramatically. "In the mid-1970s the industrial relations department might have dealt with four or five a day. Now it is one a week or a fortnight," says Peter Jackson.

But that, of course, can at least partially be attributed to the recession—and to a simplification of the hourly-paid wage structure in assembly from five grades to two.

Perkins feels that its strategy has made a contribution, but does not yet claim total success. Says Jackson: "In some areas the quality of management has improved substantially, but others are not so clever." There is a limit to the speed with which some people can adapt, he says.

The company is still learning how to handle team briefing. "In 50 per cent of the areas it's going well," says Ray Abell. Perkins is investigating the less-successful ones by asking operatives what they think is wrong.

The next stage of developing team briefing may be to introduce local decision-making into the process. If there is a bottleneck in production, for instance, the supervisor will ask for suggestions about how to deal with it.

Some parts of the plant are still on a four-day week. But can the company sustain the gains it believes it has made if — as Perkins hopes — full output is restored again during the mid-1980s?

Like all companies in a similar situation, it believes it is installing practices now which will stand it in good stead. Jackson insists it will not return to the old ways.

He concedes, however, that there is a "possibility that it would be harder to progress down this road if we got a situation where demand exceeded capacity. There would be some need to take more high-level decisions."

Unions are more sceptical. Dick Shaw, district official of the Amalgamated Union of Engineering Workers, says: "It's bad for industrial relations. If ever they pick up to the level of output they want, they are going to have a problem."

Line managers misinterpret collective agreements which they were not involved in negotiating, he says. The union recently complained that managers were abusing an agreement on flexibility between drillers, borers and millers, and making the men operate machines which they did not feel competent to handle.

Shaw says it undermines the union's credibility with its own members, if managers apply measures different from the ones the union thought it was agreeing to. Implementation of deals should be carefully controlled centrally — or failing that, the line managers should be involved in the original negotiations, he feels.

Decentralisation has clearly helped weaken the role of the central union convener's office. Apart from the convener and deputy convener, there used to be 18 full-time senior stewards. Now there are 11, and they spend only part of their time on union business.

Perkins has the benefit of a simple union structure. It recognises only one union—the AUEW — for bargaining purposes. Grievances among members of other unions, such as the Transport and General Workers, are in effect put through the AUEW/company structure.

The AUEW says its members do not go looking for trouble. Perkins, however, says that in more buoyant times it suffered from a lot of short unofficial disputes, interspersed with the occasional set-piece.

The company's new way of doing things has meant considerable change for the industrial relations managers. Their numbers have been reduced, but not proportionate to the drop in grievances. Perkins used to have separate directors for industrial relations, personnel and group personnel, but now Jackson covers all three areas.

Previously there was a complete split between personnel—which covered recruitment, training and management development — and industrial relations, which handled grievances. The latter group found themselves treating symptoms of problems without getting at their root cause.

Now the two are more integrated and much of the industrial relations managers' time is spent in the background, advising the line managers. They also try to maintain consistency of approach across the company.

The morale of some of the line managers is now much higher. "Even at a very difficult time, the atmosphere is better than I have experienced," says Brian Willmott, engine production manager responsible for assembly.

Willmott says his colleagues are getting to know the workforce better, by attending more meetings with them. They find themselves invited to football matches, retirement parties and other social events.

He and Abell are also surprised by the strength of the workers' desire for involvement. Many manual operatives, rather than just supervisers, have learnt to use the video display units of the computerised production system. Says Abell: "There is a lot of expertise on the shopfloor."

* See Management Page, October 21, 1983.

Success as a state of mind

FOR DECADES the tight-rope walker stunned the public and never tumbled. One day he set out as usual across the high wire—slipped, and plunged to his death. What had gone wrong? Hours earlier, for the first time, he had thought about falling. He helped make sure the tight-rope was firm—but it was his mental approach which destroyed him.

The story comes from Dr Warren Bennis, Professor of Management and Organisation at the University of Southern California, who had it from the acrobat's widow. The lesson is that one essential condition for success is not to consider failure.

But is this true? Bennis has amassed quite a lot of evidence suggesting it is. For the last five years he has been on something like the modern version of the quest for the Holy Grail. He has criss-crossed the U.S. interviewing 90 top people, each for at least four hours.

Sixty of those interviewed were chief executives of big U.S. companies. The other 30 included politicians, orchestral conductors, sports coaches, even the first man on the moon, astronaut Neil Armstrong. Not one of them, Bennis said, ever mentioned the word failure during their interviews. They talked about their "errors" and "mistakes," but for them "failure was impossible, because there was no way they could not learn from experience." A mistake was simply a valuable hint about how to get things right next time.

That was one finding Bennis passed on to an audience of part-fascinated, part-sceptical businessmen at the recent annual symposium of the European Management Forum in Davos, Switzerland. Another point was closely linked—that all 90 had what Bennis called "positive self-regard."

That did not mean they were vain, or narcissistic. They saw their weaknesses clearly, often better than others did. They were thus able to avoid being sidetracked by prestigious job offers in fields where they knew they could not succeed. But in the same way they appreciated their own strengths too, concentrated on them, "developed them like athletes."

Bennis agreed that the old phrase "if you can dream it you can do it" was only half true. But all those he interviewed had a very clear vision of what they wanted; an air of conviction which almost automatically enlisted others to their cause. This had nothing to do with flamboyance, physical stature or even power of oratory. The 90 formed a very mixed bunch—some tall, others small, some elegantly dressed, some "looking like a janitor." One top industrial boss had difficulty stringing one comprehensible sentence after another. But he could draw brilliantly. In a moment he could give his ideas concrete form on paper.

Bennis constantly stressed that he was talking about "leadership" rather than "management," saying that "a lot of enterprises which fail are over-managed and under-led. They end up doing a lot of wrong things very efficiently."

Leadership

One or two in his audience grumbled that the distinction seemed a bit academic. But much the same points emerged from another discussion held in Davos called "What does it mean to be successful today?" It brought together three senior executives from different countries and sharply contrasting fields: John Young, head of Hewlett-Packard, the U.S. computer and electronics company, John Harvey-Jones, chairman of Imperial Chemical Industries of Britain, and Helmut Maucher, managing director of Nestle, Switzerland. Despite the contrasts, all three agreed that the control element of management was secondary; the key need (and hence the real "leadership challenge") was to motivate staff.

"Successful companies have a consensus from top to bottom on a set of overall goals," said Young. "The most brilliant management strategy will fail if that consensus is missing." Harvey-Jones, in typically forthright way, backed him up. "The problem is not to get people to work. It is to get them working together for the same damn thing."

How do you do it? Not, according to Harvey-Jones, by having "super-efficient, nasty guys" in the top jobs. Executives who were "little empire builders" should themselves be "de-built." The answer seems to lie in Bennis's "leadership qualities"—self-conviction and an ability to communicate.

Jonathan Carr

THE ARTS

Architecture/Colin Amery

Classical illusion

Behind the façade of a plain Georgian house in the middle of Mayfair lies an important secret. In a private house an English artist has been working to *demonstrate that the grand art of the painted room is still thriving.*

Alan Dodd was commissioned in 1981 to create an ante-room as an entrance hall to a completely renovated house. With the full support of the whole design team he was able to control the whole concept to order and then decorate the entire room. It is more than a threshold, as in a Venetian Palace you step into a formal, sparsely furnished space as a preparation for the comforts of the house to come.

Alan Dodd is one of those rare creatures, an artist with an architectural sense. It is clear the moment you step into this light and vigorous room that he understands about houses, their meaning and their relationship to the past. What he has created here is no mere copy, it is *a new* interpretation of the traditional classical language.

He seems to understand intuitively that this house, although built in 1750, now has more the feel of the remodelling that it underwent in 1810. The new hall is classical in style but in the spirit of the neo-classicism of early nineteenth century Naples with overtones of a grand room in a St Petersburg palace.

The artist submitted two schemes to his clients. The first followed the established tradition — a martial theme for an entrance room. This kind of Baroque treatment with trophy panels was thought to be too grand for the house. The choice of a lighter, pastoral theme seemed to suit the scale of the house and the fact that this is an ante-room to the dining room.

It is hard to realise, at first, that the architecture you are looking at is entirely painted in trompe l'oeil. The whole impression is so effective because every other surface and object in the room has received the artist's attention.

Alan Dodd's ante-room: overtones of a St. Petersburg palace

The black and white marble floor, the simple Doric columned black marble fireplace, the swan's nest fire basket, every moulding has been selected to contribute to the whole effect of a totally painted room. We are in the realm of illusion where there is one level of surface but several levels of reality.

This room had lost all its original features and was remodelled with shallow classical mouldings framing pairs of double doors. The original recesses each side of the fireplace were changed to classical niches and a shallow ceiling cornice added. Again and again this one room demonstrates that an understanding of the effect of the detail is a crucial part of the creation of architecture.

The ceiling is the most adventurous part of the composition. It is painted with a circular "moulding" with a Greek key pattern; within this are four lemon-shaped elipses and between these elipses are fan shapes with Gothick overtones. The central rose of the ceiling is an invention of the artist — a group of Gothick acanthus leaves. There are four panels painted in grisaille imitating black basalt bas-reliefs. The subjects for these panels are the four seasons—spring and autumn assume female guises and summer and winter are male. The panels show a freedom in the handling of the paint that is almost rococo in feeling. The giant anthemia on the ceiling have a strength that belies their honeysuckle origins. This is Adam style with muscles. At the shorter ends of the ceiling, rectangle fans with quatrefoil bandings float towards the centre of the room.

Below the frieze are more black panels; this time their subject is the five senses. Over the doors to the dining room satyrs are eating and drinking from a loaded table. The sense of sight is a *heavy female* pointing to a distant pyramid and a lascivious satyr reaching for a passing leg to demonstrate his sense of touch. Venus and Cupid are over the door leading to the stairs and the domestic world beyond. There is a liveliness about the grisaille panels that is a decidedly relaxed view of neo-classical formalities. It is as though the stable world of the Jasper ware reliefs has had real life breathed into them. The strongest element in the room is the large *trompe relief of* Dionysus over the fireplace.

The whole composition of the room is held together by the eight *faux-marbre* Sienna yellow pilasters, which are the most strongly painted elements in the room with their sharp shadows. The dado around the room has an Egyptian touch with regularly spaced sun discs.

While this treatment of a room is clearly inspired by the spirit of Mario Praz and the belief that every room is in itself a little world, it has a message of its own. Colours are clear apple green, white, black and touches of pink and blue, the paint finish is flat — the message is that working in two dimensions can create a glorious illusion of space.

I felt that the final result is a totally new interpretation of a long tradition. Alan Dodd has a relaxed skill which makes something new that looks as though it may always have been there.

The Gondoliers/Sadler's Wells

Arthur Jacobs

Martha, the first of this season's new offerings by the New Sadler's Wells Opera, was travestied—weakly taken out of its period and uncertainly overlaid with Victorian "jokes." Happily *The Gondoliers* is left as *The Gondoliers* should be. Not, of course, as the D'Oyly Carte company left it, but with authenticity preserved at a deeper level. Sullivan's score is splendidly cared for by Wyn Davies's conducting, and due balance is kept between music, words and dance. The Victorian air is flavoured with just the right dash of topical and comic irony: the "regular royal queen" quartet is made to incorporate not only today's royal waving hand but an unmistakable Thatcherism of voice in Janine Roebuck's "*How are you?*"

Just a few times Christopher Renshaw's production oversteps the mark—the pointless north-country accent of John Fryatt's Duke of Plaza-Toro the sexy hip-wigging of the two leading gondoliers in the opening scene (with the girls screaming and fainting like groupies), the off-stage "Battle Hymn of the Republic" when Marco and Giuseppe declaim their soon-to-be-upset republican principles.

But in general Mr Renshaw is bold enough to be straightforward, and has excellent funny choreography by Michael Corder to reinforce him.

Were I to say that the presentation does contain one *genuine D'Oyly Carte survival* in the person of Donald Adams, I should do Mr Adams wrong. His fruity-voiced Inquisitor, more clerical than in D'Oyly Carte days but just as strong and delightful, is no survival but a fresh and buoyant character. His presence jars not at all with that of younger singers whom one associates with quite different kinds of operatic (and other) singing: outstanding are Christopher Gillett, whose Luis makes far more of the part than usual, Richard Jackson (Giuseppe), and Sandra Dugdale, perfectly in command not only of Casilda's music but of such essentially Gilbertian spoken lines as "an embrace cannot be taken retrospectively." Kim Begley (Marco) delivers "Take a pair of sparkling eyes" with a virile charm, Laureen Livingstone (Gianetta) sparkles, and Joan Edwards mouths the Duchess's vowels with rare relish.

John Fryatt as the Duke of Plaza-Toro

It is, in sum, an evening of fine style in quintessentially English operetta. I would as confidently take a novice to see it as I would a long-seasoned fan of the genre. Useless to speculate "what Gilbert would have thought"—except to be sure that he would have stormed at the programme which credited him with the mere attribution "Lyrics by." Dramatist was his function, no less, and what a master he was!

Hamlet/Sheffield Crucible

B. A. Young

Clare Venables, director of the exciting *Hamlet* at the Crucible, quotes from Kott's *Shakespeare Our Contemporary* in the programme: "The ideal *Hamlet* would be the one most true to Shakespeare, and most modern at the same time." This *Hamlet* is not the ideal; the first-act scenes on the battlements are cruelly emasculated by omitting Barnardo, Francisco and Marcellus, so depriving us of the tension instilled by the talk of the Norwegian threat and the expectation of the ghostly visitor. But it's immensely interesting, well worth a trip

The costumes are more-or-less of our own day; Horatio enters carrying a briefcase (which he carelessly leaves lying on the battlements), and the Ghost is first seen sitting behind the glass-panelled screen that encloses the back of the stage, wearing a light grey version of the formal suit worn at Court by his murdering brother. This contemporary look doesn't at all conflict with the Shakespearean words, for the dialogue is spoken as if it were the language of our own time. This may sound alarming, but in practice it's wonderfully effective.

Michael Mueller is a small but princely Hamlet, privileged by Tom Cairns, the designer, to wear black velvet suits and frilly white shirts to take him out of the common ruck—not jeans and a *blouson noir*, as Kott suggested. This is a complete character in which the inconsistencies are accounted for; the soliloquies aren't escapes of self-pity but encouragement to "take arms against a sea of troubles." I was surprised that he shook the detested Claudius's hand in their first scene together, even let him pat his shoulder. This company goes in a lot for touching.

Sian Thomas is a butch Ophelia, who makes her mad entry wearing nothing but a shift, and shouts rather than sings her songs. But she can be tender too, even commenting on Hamlet's noble mind after he has thrown her to the ground in the nunnery bit.

Ghost and Claudius are both played by Matthew Scurfield with identical dignity; it must have been hard for Hamlet to persuade his mother that one was any better than the other. She is a lady, as Lill Roughley plays her, or charm but little character, rather as I imagined Queen Alexandra. Voltemand and Reynaldo have survived the cuts, but Cornelius not. As he has no lines, this is no loss.

Tom Cairns has no furniture on the stage; if you want to sit, you sit on the floor. His glass screen slides to allow hints of closets and corridors. Later it is removed altogether to reveal outdoor brushwood upstage, with an unaccountable glass chandelier hanging from a sky-hook. Ophelia's grave is hard to see under a low platform downstage, and its gravediggers are only moderately funny.

The Hired Man/Southampton

Michael Coveney

Melvyn Bragg's Cumbrian musical, adapted from his own novel of the same name and set to an impressive score by Howard Goodall, is a mixed affair at the Nuffield in Southampton. After an opening chorus aggressively celebrating the dubious privileges attendant upon hired labour in the Lakeland dales and fells, the predominantly male cast troops off to the local pub.

Here, togged out in neckties, flat caps, waistcoats and hobnailed boots, they resemble so many Cloggies, an impression hardly dispelled by one of them introducing a token whippet and his brother peeling off for a spot of arm wrestling. "Join our wassailing / Let's get some ale in" they chorus but by this time John Tallentire, farmhand, is considering a break with the hunt. His wife Emily and young baby are left at home. Jackson, who carries a torch for Emily, takes his chance, seeing as "he can't stop wanting her."

I mentioned these emotional milestones because they are all noticeably well set to music. Others, such as the crucial fight and the pit disaster, are not. Howard Goodall is much more operatic, in the Stephen Oliver vein, than prodigally melodic, like say Alan Price in his Andy Capp show or Willy Russell in *Blood Brothers*.

Mr Goodall builds marvellous walls of choric sound using crossed tempi, unashamedly foot-stomping rhythms and controlled, muscular arcs of tuneful top lines.

At the end of the evening you feel you have heard a great score rather than experienced an especially good musical. The mining industry creeps up on the Tallentires, engulfing their domestic business, at which point Mr Goodall achieves the astonishing feat of composing a riveting song about the closed shop, even if he does rhyme "bone of contention" with "claims for a pension."

Then suddenly we have the Great War, scenes in the trenches. The period of the piece is never quite clear until after the interval, by which time the Tallentries have spawned grown-up children. The book's ungainliness may be imagined if I say that, in the space of about 10 minutes, we meet the grown-up son for the first time, see him go down a pit, then sign up in the army before being pronounced dead in action. Woes do tread upon each other so fast that nothing much is made to count.

The Tallentires are very well played by David Tysall and Phyllis Logan, the latter especially good at ageing with signs of maternal wear and tear. Mr Goodall's musical direction is first class, as is the five-piece band led by Kate Young at the piano with a wonderful trumpet contribution from Pauline Fisher.

Andrea Chénier/Covent Garden

Max Loppert

The new Royal Opera production of *Andrea Chénier*, shared with Cologne, makes good at last the postponements and cancellations of the last few seasons. One would have liked Saturday's première to carry with it some air of righteous victory, of triumph over the odds; instead, the overall impression made by Giordano's opera was one of overwhelming tameness. Perhaps the best that can be said is that the foundations are at least securely laid for the more exciting performances of the future, more full of gut conviction and less riddled with cautious good taste than this one, that may happen when conductor and cast are more advisedly chosen.

It is easy to be disdainful of *Andrea Chénier*; but when it is given with blazing energy and enjoyment (as it was at the opening of the 1982-83 Scala season, an occasion warmly praised on this page) the temptation to do so diminishes drastically. At Covent Garden, instead, one was made consistently aware of the work's essential second-rateness, of all the hedged negatives of description that must apply both to the opera and to the composer himself—not entirely dismissable, not genuinely memorable, not wholly unsubtle or undistinguished of invention, not (or so it seemed on Saturday) really worth all the care and devoted preparation here expended upon it.

One was made aware, too, of just how strongly the influence of that earlier and far richer work, Puccini's *Manon Lescaut*, tells on Giordano's framing of verismo situations with period pastiche (choral divertissements, minuets, gavottes before the onset of Revolution, "La carmagnole" and *La Marseillaise* touched on thereafter). Illica's libretto drops names in the manner of a Hollywood historical spectacular, and shows similarly promiscuous, ill-defined sympathies — the aristocrats and the revolutionaries are both alternately good and bad, depending on the immediate direction in which audience emotions need to be pulled.

Above all it was here almost impossible to ignore the fact that the music, attractive in its detail, sometimes broad in the sweep of its melodies and its knack of placing the "big moment", crucially lacks Puccinian genius, the flame of inspiration that could set light to dramatic tissues quite as flimsy in intellectual ambition as *Andrea Chenier*. I'm not sure whether the absence of warmth, urgency, colour, and animating spirit in Richard Armstrong's conducting proceeded from a desire somehow to make respectable Giordano's various lacunae, or whether simply from a rare failure of theatrical instinct. Whatever the reason, it was indeed dispiriting to consider the vital musical director of Welsh National Opera in charge of a performance so fatally good-mannered, so competent on the surface and passionless inside.

Chenier is usually reckoned to be a "tenor opera," yet in many respects the most rewarding and interesting character of the principal trio belongs to the baritone—the servant-turned-republican-leader Gérard. Here, in place of the leading Italian baritone (Cappuccilli? Carroli?) who could still be found, even in these parched days of shortage, to bring idiomatic urgency to the opera's most sustained sequence (the Act 3 monologue, duet, and trial scene), he had Bernd Weikl. A curiously chubby, unromantic, *bürgerlich* figure he cuts; the voice rings out with clarity and ease not normally counted on from a leading Hans Sachs, but it seems to be used with an almost total ignorance of Italianate colouring, or even of Italianate legato, and swiftly comes to feel like vocalising in a void, with gestures to match.

Alastair Muir

Bernd Weikl and José Carreras

José Carreras, the Scala's eloquent hero, at least salvaged some of his former poetry of phrase and courtly elegance of tone for the later scenes, though even here the sound of the tenor pushing desperately for recalcitrant top notes was an alarming one, and in the absence of a responsive dramatic situation in which to operate Mr Carreras' vocabulary of gestures soon revealed its limitations. As Madeleine de Coigny, Rosalind Plowright is well chosen, and the promise of a special romantic lustre glimmered from behind the *nervousness of Saturday's performance*; when the soprano rids herself of all the wriggling, fidgeting, and sharp intonation that was nervousness's product (and unfortunately most evident in "La mamma morta") that promise must surely be fulfilled.

The production is by the Cologne intendant Michael Hampe, in sets (William Orlandi) and costumes (Franca *Squarciapino*) *based on the* "design concept" (whatever that means) of Ezio Frigerio. Apart from the producer's misguided niceness (in Madeleine's aria and the final duet) in tethering the characters midstage when the natural urge might be to allow them to advance towards the footlights, it is all thoroughly acceptable, workable, and pleasant to look at. There would be no earthly *good in scouring the opera for* a Reinterpretation For Our Day, and Hampe has not sought for one.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

February 10-16

LONDON

Philharmonia Orchestra and Chorus conducted by Vladimir Ashkenazy with Sheila Armstrong, soprano, Felicity Palmer, mezzosoprano, Dennis Bailey, tenor and John Shirley-Quirk bass. Beethoven. Royal Festival Hall (Mon). (9283191)

Helsinki Philharmonic Orchestra conducted by Paavo Berglund with Bernard d'Ascoli, piano. Sibelius and Liszt. Royal Festival Hall (Tue).

Nellie Akopian, piano: Bach, Schubert and Schumann. Queen Elizabeth Hall (Tue). (9283191)

London Mozart Players conducted by *Harry Blech with Malcolm Messiter*, oboe, and Ernst Kovacic. Mozart and Haydn. Royal Festival Hall (Wed)

English Chamber Orchestra conducted by Steuart Bedford with Murray Perahia, director/piano and Raphael Wallfisch, cello. Mozart and Britten. Queen Elizabeth Hall (Wed).

London Philharmonic Orchestra conducted by Klaus Tennstedt with Peter Donohoe, piano. Messiaen, Prokofiev and Tchaikovsky. Royal Festival Hall (Thur).

BRUSSELS

Royal Philharmonic Orchestra, London, conducted by Antal Dorati with Ilse von Alpenheim, piano. Tippett, Beethoven and Tchaikovsky. Palais des Beaux Arts (Mon)

PARIS

Charles Andre Linale, violin, Jean Koerner, piano: Schumann, Debussy, *Shostakovich sonatas (Mon)*. Cite Universitaire, 21 Bd Jourdan (5893869)

Quatuor Ysaÿe: Lekeu, Weber, Brahms (Mon) Radio France-Grand Auditorium (5241516)

Viorica Cortez, Mezzosoprano, Antoine Garcia, Baryton, James Johnson, Piano: Donizetti, Ravel, Poulenc, Bizet (8.30pm).

Rose Kolb, tenor, Irwin Gage, piano: Wolf, R. Strauss, Schubert (8.30pm) Both concerts Mon, TMP-Chatelet (2334444)

Basle Chamber Orchestra, Maria-Joao Pires, piano: Mozart (Tue). Theatre *des Champs Elysées* (7234777)

Orchestre National de France conducted by Lorin Maazel with the Radio France Choir: Berlioz – Grande Messe des Morts (Thur) Basilique de Saint-Denis, Metro Saint-Denis (5241516)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Haydn, Berg (Tue): Zubin Mehta conducting, Radu Lupu piano, New York Choral Artists directed by Joseph Flummerfelt. Webern, Mozart, Holst (Thur). Lincoln Center (8742424)

Cincinnati Symphony Orchestra (Carnegie Hall): Michael Gielen conducting, Yehudi Menuhin, violin. Berg, Schubert (Mon); Michael Gielen conducting, Teresa Berganza mezzosoprano. Kramer, Berlioz (Tue) (2477459)

WASHINGTON

Concert Hall: National Symphony, Rafael Fruhbeck de Burgos conducting, Andre Watts piano. Barber, Rachmaninoff, Dvořák.

CHICAGO

Chicago Symphony (Orchestra Hall): Leonard Slatkin conducting Haydn, Bax, Sibelius (Thur) (4358122)

ITALY

Rome: Teatro Olympico Piazza Gentile da Fabriano *Concerto Italiano*: Sammartini, Pergolesi and Boccherini (Wed) (37.33.04)

Auditorio di via Della Conciliazione, Accademia di St Cecilia: symphonies by Mozart and Prokofiev conducted by Efrem Kurtz (Sun, Mon and Tue) (65.10.44)

ZURICH

Tonhalle: Concert performance of Verdi's Giovanna d'Arco conducted by Nello Santi with Margaret Price and Ernesto Veronelli (Tue); Bella Davidovich, piano. Chopin and Schumann (Thur)

HONG KONG

Pittsburgh Symphony Orchestra plays Tippett's Concerto for Double String Orchestra, conducted by the composer. City Hall Concert Hall (Wed)

Tom and Viv/Royal Court

Michael Coveney

It had been bruited abroad that Michael Hasting's play about the first marriage of T. S. Eliot, to Vivienne Haigh Wood, *would either supply a lot of* new, candescent information, or else paint Eliot as an unfeeling egocentric who consigned an ill woman to a mental institution while writing his own saint's life.

In fact, Mr Hastings has written a thoroughly interesting play about estrangement within marriage, degrees of madness and the danger of taking yourself too seriously. In seven chapters, announced with their dates in the manner of direct address which the playwright adopts subtly and with confidence, we move from the year of the first meeting, 1915, to the year of Viv's death in 1947 in Northumberland House.

The design by Antony McDonald and Jock Scott consists of painted Oxford manse with two Wyndham Lewis figures bent sadly on the melancholic lawn, an arrangement of niftily moving panelled screens, and a huge fireplace, handsomely moulded. While the play does not quite have the breadth and scope of David Hare's *Plenty*, I was constantly reminded of that piece.

Using Viv's diaries—which Lyndall Gordon assures us have little bearing on the relationship—and the reminiscences of Viv's brother Maurice (whom Mr Hastings interviewed over several months before he, Maurice, died in 1980) the play builds up a picture of a rumbustious girl consumed by love and finally driven to eccentric displays of high spirits in an

Alastair Muir

Julie Covington and Tom Wilkinson

effort to awaken Eliot. The poet married her for just such an effect, religion having failed him at that point.

So, the episodes of Viv turning up at Faber's to pour hot chocolate over valuable manuscripts and Roy Campbell's poetry, of her dressing as a fascist in order to embarrass him, of her appearing as Crippen's mistress at a fancy dress ball—all are invested by Julie Covington with a splendid, defiant brio.

The chief weakness of the evening is the sheer blankness of Tom, whom Tom Wilkinson first presents as a heavily built but dapper ironist and later as a helpless attendant on own emotional failure. In between, not a lot goes on. Maurice, given a sprightly reading by David Haig, slithers around Africa fouling up business projects and, as trustee of the family affairs, joins Tom in getting Viv committed.

This crucial episode, of course, may or may not relate to the truth. All the Eliot papers are under lock and key. But the play only nudges at this area, rather pussyfoots around delivering a knock-out blow. Max Stafford-Clark's production also contains an imperious performance by Margaret Tyzack as Viv's mother and a sympathetic nurse from Deborah Findlay.

WEST

Antony Thorncroft

West End Stage and Theatre, a company set up in December with the aim of attracting new investors in London theatrical productions through the tax advantages of Britain's Business Expansion Scheme, has closed. It raised less than £1m towards its initial target of £4m ($5.6m).

WEST, managed by Mr Timothy Nicholas, a director of London Investment Trust, had as its main asset the services of the successful London producer Mr Michael White.

Most of its investors, however, were prepared to stake only the minimum £1,000. They will all receive their money back.

Although WEST was launched during an upturn in the fortunes of the West End theatre, the novelty of its approach contributed to its downfall. The aim was to raise a large sum of money so that by investing in half a dozen or more productions the hits would more than pay for the misses. By qualifying under the BES investors would gain considerable tax advantages on their profits after five years.

Most West End producers have a group of "angels" who provide their finance, and outsiders usually only get the opportunity to invest in the more doubtful plays and musicals.

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IMF solution for Nigeria

NIGERIA'S first round of talks with the International Monetary Fund since the New Year's Eve military coup—taking place in Washington this week—is the most critical in more than nine months of intermittent negotiations for a large standby credit. It will either result in sufficient agreement for the Nigerians to return home and draft a letter of intent on how they plan to bring order to their chaotic economy, or it will bring further prevarication, even on outright breakdown, over the question of whether or not to devalue the naira.

It is in nobody's interests that the talks should fail. Whether the ultimate loan is nearer $2.5bn or $3.5bn, Nigeria not only needs the money, but above all it needs the blessing of the IMF on its recovery programme.

The country's balance of payments current account deficits have averaged more than $5bn a year over the past three years, thanks to the slump in its oil revenues without a comparable cut in imports. As a result, its reserves total barely $1bn, little more than one month's import bill, and it has accumulated arrears in trade payments of anything up to $6bn—as literally hundreds of exporters know to their cost.

The governments which have insured a good portion of those exports are prepared to reschedule the arrears only if there is "progress" towards agreement with the Fund. International banks which agreed to refinance some $2bn last year also did so on that understanding. There is talk in Lagos of a "conspiracy," but from outside it looks more like a fact of life.

Valuable ally

Nigeria is hoping for an increase in its oil production quota from Opec, but it would have to push the current output level of 1.3m barrels a day to 1.7m or more—which could upset the whole fragile equilibrium on the world market—in order to balance its books. Rather, the prospects are for at least three years' hard labour to stabilise the current account.

For Europe, the U.S. and Japan, let alone a host of other exporters like Brazil, India and South Korea, Nigeria is an important trading partner, and a valuable ally in Africa. In spite of the upheaval of the military coup, it remains a politically moderate and stabilising force on the continent. The austerity it has already undergone was undoubtedly one factor behind the coup, and a further downward twist in the economic spiral might simply precipitate a more radical change of government.

The main stumbling block in the path of agreement on an IMF programme is the question of devaluation of the naira, and the related desire by the Fund to see a relaxation of Nigeria's cumbersome import restrictions.

Few would deny that the naira is overvalued—it appreciated by some 80 per cent against its main trading currencies in the 1970s, although it has slipped back marginally in the past three years. As a result, imports are almost invariably cheaper than locally-produced goods, whether food or manufactured products. A less obvious side effect is that it must discourage the inflow of foreign investment, by increasing the foreign exchange cost of Nigerian projects.

Inflation is running officially at well over 20 per cent. Unofficially it is estimated at more than 50 per cent, so the effective overvaluation can only get worse.

Too sophisticated

No one suggests that devaluation would boost the country's exports, 95 per cent of which consist of oil, but it would increase the naira-denominated revenues to a government with a hefty budget deficit. Moreover, without it, non-oil exports can hardly be expected to compete in international markets, unless they are subsidised.

Nigeria's argument against the move is that it is simply too sophisticated for the economy: its effects would be dissipated in across-the-board inflation, because the ubiquitous market traders would simply raise their prices by the appropriate percentage, and blame the government. As for the increase in government revenues, they would be offset by the extra cost of servicing external debt, to which the $6bn trade arrears must be added.

On balance, the arguments in favour of a devaluation must outweigh those against, especially when taking into account the continuing high rate of inflation which will only make matters worse. What is needed is a fairly rapid move down over no more than a few months to a more appropriate level. That should satisfy the IMF, but also make some concession towards the political sensitivity of the Nigerians.

Tax anomalies in UK banking

CITY speculation about possible taxes on banks has become something of an annual ritual since Sir Geoffrey Howe launched his vague but ominous promise to study how the banks might be made to carry a more equitable share of the tax burden: but the scene has changed. We have a new Chancellor, who seems less ready than Sir Geoffrey to share his more radical thoughts, but may be less circumspect when it comes to action, as well as a new Governor at the Bank of England—an ex-clearing banker who may for that reason prove more flexible in his defence of commercial banking interests. Most important of all, though, we have a new banking scene.

Financial deregulation is proceeding rather more quietly in this country than in the U.S. if only because we have relied more on custom and practice and less on legal rules than has the American system; but the results may in the end be much the same. Competition from the building societies and potential competition from new entrants such as Citibank is working to the advantage of the depositor. It is the building societies which have taken the lead in offering interest-bearing checking accounts, and, in one case, home banking via the Prestel system. However, the clearing banks must respond to these challenges; it cannot be long before others follow the lead of the Midland Bank, which last week announced its own interest-bearing chequeing account.

Equity

These developments, which compel the banks to pay more for deposits and to offer a wider range of services, seem bound to put some pressure both on the cost of credit and on bank profits, and may well be thought to undermine the case for any tax exactions; and if the case rested only on the supposed cartel profits of the clearers—always a debatable question—that would be the end of the story.

The clearing banks, however, are not the only players in the game, and the arguments for and against various taxes do not rest solely on supposed ability to pay—indeed, it would be perverse to use the tax system to try to equalise after-tax rates of return between different kinds of enterprise. The serious arguments rest on questions of equity between different classes of financial intermediary, and between financial and other services. Here there are anomalies which deserve attention.

The most glaring concerns the building societies rather than the banks. Now that they are competing more and more directly, the composite tax rate paid by the societies appears more and more an anomaly rather than an oddity. It was originally devised to save trouble for building society depositors who were not liable to tax; it was no doubt thought that they would rather suffer a composite deduction than go to the trouble of reclaiming tax deducted at source. The result was to favour the rich over the poor, but the sums involved were trivial, and the rule has stood in the general cause of coddling house-buyers.

Distortion

Now that the banks are competing fiercely with the societies for deposits, the rule is a source of distortion; and there is certainly no economic case for diverting funds towards institutions which lend only on the security of house property. We hope Mr Lawson will prove bold enough to finish off this particular sacred cow—even though it is now, as a result of the imposition of tax on lower and lower incomes, a pretty small one.

The more general case for taxing financial services rests not only on equity with other services, but because "free" banking, generally available to depositors who do not want interest on their chequing accounts, amounts to a form of officially sanctioned tax avoidance. It may well be argued that to impose a tax at a time when competition is tending to favour depositors rather than lenders could only add to the pressure for dearer credit; but present demand hardly suggests that credit is over-priced at the moment, and it would be healthy if commercial borrowers had an incentive, as in other countries, to make wider direct use of the financial markets, both for commercial paper and long-term capital. Again, we would urge the Chancellor to be bold.

Anatole Kaletsky compares a decade of employment and productivity trends

Jobs: what Europe can learn from America

THERE SEEMS to be little hope today for Europe's army of 19m unemployed. *Millions and billions may be* hard for the imagination to digest, but the awesome odds against anyone who is looking *for work in Europe can be seen* in another way.

Even if every job in Belgium, Denmark, Greece, Ireland, Luxembourg and the Netherlands were to fall vacant miraculously tomorrow, there would still be 3m people—equivalent to all of Britain's unemployed—left in Europe without work.

By this time next year another 1m will have been added to Europe's dole queues, according to most economic forecasts, and governments seem to be powerless to do anything about it. The plight of Europe's unemployed looks even more discouraging when it is juxtaposed against the picture in the U.S.

The U.S. economy has generated 20m new jobs since 1973, while there are fewer jobs in Europe today than there were ten years ago. In the past 12 months alone, there have been more jobs created in the U.S. than in 1½ years of modestly rising employment which the European Community enjoyed before the full force of recession hit in 1980.

Such statistics have made the idea that Europe is "economically senile," or suffering from "Eurosclerosis," as one bank newsletter recently put it, a *cliche on both sides of the Atlantic.*

But there is an obverse to America's 20m-nil advantage over Europe in the job creation stakes, which rather blurs the simplified contrast between Europe's alleged senility and America's dynamism. It raises important questions about the process of job creation on both sides of the Atlantic and suggests what Europe can learn from the U.S. if the absolute priority now is to create more jobs.

For while the U.S. was generating all those jobs, it was actually losing its commanding lead over the rest of the world in two crucial respects—productivity and living standards. Since 1973, output per head in the whole U.S. economy has grown by an almost imperceptible 0.3 per cent a year, against 2 per cent in the European Community. Moreover after a brief upward burst at the start of the economic recovery, U.S. productivity growth slowed again in the last quarter to an annual rate of only 1 per cent.

What has happened, in short, is that since 1973 the U.S. and Europe have both accepted different sorts of "senility." Real economic growth averaged a mere 2.2 per cent a year from 1973 to 1983 in the U.S. and 2.1 per cent in Europe. But the U.S. has chosen a path of high employment, at the cost of stagnant productivity and wages. Europe has enjoyed much greather *growth* in *productivity and living standards* (for those who could find work), but paid for this progress with lost jobs.

Now it *may seem* like the crudest form of Luddism to suggest that high productivity has to be "paid for" with lost jobs or that higher employment can be "chosen" in preference to productivity growth. In a healthily growing economy, new jobs are frequently created in precisely those industries where productivity is rising fastest. In normal times the higher disposable income generated by productivity improvements, even if these are concentrated mainly in manufacturing industry, tend to benefit the whole economy, *including the services* sector, which is where most new jobs are actually being created.

But since *1973*, this benign positive relationship between job creation and productivity growth seems to have gone into *reverse. As the chart shows*, the countries which have "enjoyed" the fastest productivity growth in manufacturing since 1973 have also *suffered the biggest* job losses (the main exceptions being Britain and Japan, which managed as usual to get, respectively, the worst and best of both worlds). The record on jobs and output outside the manufacturing sectors of these countries was also broadly in line with these trends.

Why did the relationship between jobs and productivity suddenly go into reverse around *1973?* In a sense, there is no mystery about this. Once restrictive anti-inflation policies became a top priority around *the world, a simple fact* of arithmetic — more immutable than all the iron laws of "economic reality" favoured in political rhetoric—took over. If output stops growing, while output per worker continues to rise, there must be fewer workers: it is as simple as that.

But would a move to less restrictive policies automatically produce millions of new jobs in Europe, as it did last year in the U.S.? The answer is perhaps not—for last year's phenomenal performance of the U.S. labour market now appears *to have been nothing more* extraordinary than a reversion to the country's long-running trend of low productivity growth—a gloomy reflection which has recently hit Wall Street with a vengeance.

In Europe, by contrast, historic patterns suggest that higher economic growth rates, even if they were encouraged by expansive macro-economic policies, would materialise not in employment gains, but in productivity, as they have for the past 10 years.

There are at least five inter-related reasons for the contrast:

● Because the U.S. entered the post-war period in a position of overwhelming technological superiority, other countries have enjoyed a long period of "easy" productivity growth simply by adopting U.S. technical and *managerial methods.* But by the mid-1970s, when *per capita* incomes in Japan and several European countries had risen close to U.S. levels, this gap had nearly closed.

● Legal constraints, such as employment protection laws, make it riskier for businesses to take on workers in Europe than in the U.S., although it has to be added that the system of lifetime employment in *Japan* would seem to be an even greater disincentive to hiring labour than Europe's redundancy payment laws.

● Wages have risen seven times faster in real terms in Europe than in the U.S. since 1973. This does not mean, however, that *European industry has become* "uncompetitive," at least with the U.S. as politicians sometimes imply. For productivity growth has caught up with wage increases in many countries. In Germany, for instance, the "real product wage" (the change in real wages relative to productivity) has fallen by 4 per cent over the past 10 years, against a fall of only 1 per cent in the U.S. and no change in Britain. In international terms, Europe is now very much more competitive than it was in 1973, because of the recent rise of the dollar and the yen against European currencies.

But Europe's rising real wages have pushed industry into a more capital intensive direction. This has generated the productivity increases but it has destroyed jobs.

● The U.S. labour force has *been swelling at an annual rate* of 2.5 per cent (against just 0.5 per cent in the EEC) since the early 1960s as waves of immigrants baby-boom teenagers and women have been encouraged to find jobs in a society which has always been built around an expanding population and which offers minimal support to the jobless.

The availability of an ever growing U.S. labour force has created a flexible labour market in which wages can move downwards as well as upwards, has reduced the power of trade unions in much of the economy and has encouraged the development of a large service sector based on relatively low wages. The huge labour surplus now present in the European economy has not yet produced this kind of flexibility.

● The very preponderance of the labour-intensive service sector in the U.S. — it provides 66 per cent of employment there against 49 per cent *in Germany* and 61 per cent in Britain — has given the U.S. an inbuilt advantage in job creation. But *it has been a drag on the overall* productivity figures because it is in manufacturing that most labour-saving advances have tended to occur.

The interaction of all these factors, in combination with a tax system which relies mainly on revenue from personal incomes and corporate profits, rather than on consumption and payrolls, has given the U.S. economy a decisive tilt towards spending, rather than saving; services, rather than manufactures; and employing labour, rather than replacing it with machinery. As a result, U.S. capital investment, as well as productivity growth, has been the lowest in the world for many years.

In Europe, by contrast, rapidly rising wages, sporadic labour shortages and fiscal systems which rely heavily on payroll levies and consumption taxes, while they frequently subsidise capital investment, have created capital-intensive, high-productivity, low-employment economies.

In a world like that of the 1960s, in which rapid economic growth was attainable, Europe's unemployment would be less serious than the long-term productivity and investment trends which are running against the U.S. Unemployment could be solved not just by reducing wages. Jobs could also be created by investing more, raising productivity and generating a higher economic growth rate, which would eventually justify whatever wage rate (within reason) labour had managed to secure for itself.

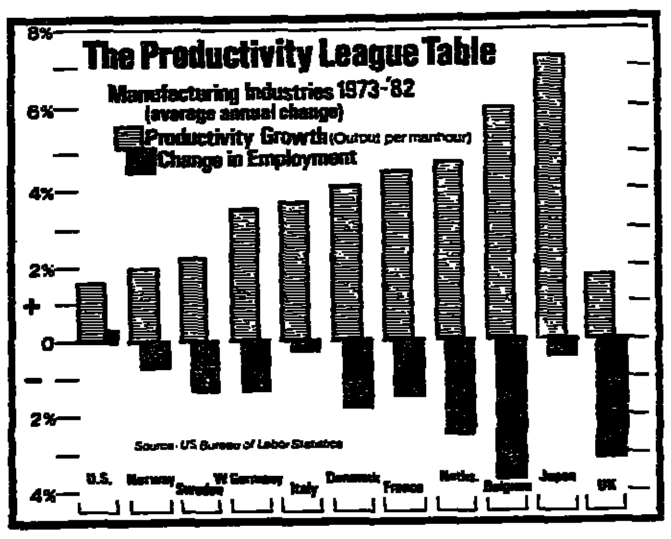
This is, in essence, still the standard prescription offered in much of Europe, especially Germany, for the unemployment crisis—Europe should save more and invest more to overcome what *must* be a shortage of capital, *since labour* is so palpably in over-supply.

But the U.S. model suggests a surer and quicker method of creating jobs where there is a surplus of both capital and labour. It is to use more labour in relatively low-wage jobs, thus bringing back into production some of the relatively inefficient capital which has been mothballed because it could not be operated profitably at prevailing high wage rates. Much of this "capital" may be nothing more elaborate than the neighbourhood restaurant *which closed* because of the high cost of waiters.

European politicians sometimes daydream about such low labour cost approaches to unemployment, but soon wake up with the cold realisation of how hard it is to force workers to lower their wages and "price themselves into jobs." They should look again at the American model.

By lowering payroll taxes, such as Britain's national insurance surcharge, and compensating for this, if necessary, with less generous corporate *tax subsidies on capital investment*, European governments could cut the price of labour at a stroke. Simply by taking money from one corporate pocket to another, with no net effect on after-tax profits, they could significantly alter the balance of business incentives towards job creation, rather than investment in labour-saving machinery and towards services, rather than manufacture.

Such measures might seem to threaten Europe with the American disease of low investment and low productivity *growth.* But for the next few years, at least, America's disease looks like being less uncomfortable than Europe's.



Since 1973 the U.S. and Europe have both accepted different sorts of 'senility'

Men & Matters

Grand Met's acorns

From working on computer circuit cards in your garage to spearheading the electronics activities of a multi-billion pounds international group in four years is not bad going.

Thirty-three-year-old Tim Roberts' High Technology Electronics company only contributed about £3m-worth of Grand Metropolitan's £4.5bn turnover last year but the *hotels, brewing and leisure* group has high hopes for its "sunrise" industries.

Roberts, an engineer by training, *decided to set up his own* business while working as a researcher for a Southern Television programme *on* small businesses in the EEC.

With partner Chris Harries, also 33, he began operations in 1979 in a Southampton garage, developing an information system using colour graphics. "We designed a system for hotels which would allow a central computer to send in*formation such as bills* and advertising programmes to the television sets in the guest rooms," says Roberts. "We demonstrated the system, and Grand Met became enthusiastic about it."

Grand Met director John Travers Clarke, pleased with High Technology's performance—the original staff of three has now increased to 70—has sanctioned further growth of this electronic acorn.

High Technology has bought the assets of one of its customers, Almarc Data Systems, a computer manufacturer, from the Receiver, and will be taking on 15 of its former employees.

Roberts sees this as just the first move in an ambitious *expansion programme with* further acquisitions in the high-tech field to follow. "Grand Met is big enough to buy Ferranti," he says, "but they decided to start very small with us."

"'Course if Trafalgar were to promise a couple of Ritz chefs for the canteen. . . ."

Royal connection

Owners of erring satellites cruising in the wrong orbits could learn from the Ministry of Defence how such trifling problems can be turned to advantage.

The men from Whitehall had such difficulties when Skynet 2, a British military satellite, veered off course. Instead of hovering over the Indian Ocean it drifted over the Arabian peninsula.

Just as the ministry was about to write off the project as a loss, a potential new market appeared. The Royal Household of Saudi Arabia badly needed a satellite to keep its many members in touch with the outside world. They tend to disappear into the Arabian desert several times a year on hunting trips in convoys of cars and Land Rovers.

And in such a vast desert land they can easily lose touch with important world affairs.

The Saudi Arabians do not appear to mind that the satellite's orbit has been a *trifle* wonky. After all it has contributed towards happier hunting for the top people in the country.

A British company, Marconi Communications Systems, has also benefited. It has sold the Royal family a couple of truck-loads of communications equipment to provide mobile connections to the satellite.

Word of mouth

Another myth created by male chauvinists has bitten the dust, *it seems. It is much harder to* keep a man's mouth shut than a woman's.

That, at least, is the conclusion of four Glasgow dentists who have been measuring the forces it takes to stop people opening their mouths.

For their experiments, the dentists designed a machine called an extra-oral gnathodynamometer—known more popularly as "the Nutcracker"—in which volunteers tried for two seconds to open their clamped jaws.

What the dentists learned, says the British Dental Journal, is that, on average, it takes 50 per cent more force to make a man keep his mouth shut than it takes to seal a woman's lips. But neither age nor size has much bearing on the ability to open one's mouth.

Foreign legion

President Reagan may have a clear field as Republican candidate for the U.S. presidential elections this year. But the Democrats have at least eight potential candidates eager to stand against him.

The first ballot papers went out at the weekend for the U.S. Democrats' overseas "primary"—giving expatriates a vote in choosing which of the eight will carry the party standard.

It is a process which is likely *to add more colour than weight* to the affair. Compared with the 30-odd "primaries" that will be held in the U.S., the over*seas ballot will be a minnow* in terms of votes.

The votes of Democrats in some 20 countries — from Britain and Ireland in the west to Israel and Egypt in the east—will be rushed by courier to the court in Delft, Holland, by the midnight deadline on March 12.

The results of the count will be flashed a few hours later to the U.S. — ensuring that the voice of Democrats abroad is heard third to those of Iowa and New Hampshire.

British-based Democrats who want to vote should contact the organisation at 78 Redcliffe Square, London SW10.

Tom Conlon, aged 40, a U.S. lawyer in London, is hoping that up to *3,000* Americans living in Britain will take the trouble to vote. His interest, he declares, lies in the fact that voters will be asked to nominate 10 delegates to the Democratic convention in San Francisco in July.

Conlon wants to be there with a mandate for Walter Mondale. He worries that Mondale is so far ahead in the polls. "It's not good so early in the campaign," he frets.

Over-stretched

Nissan should not have quite the same problems in setting up a car plant in Britain that it has had with its Mexican subsidiary.

To earn foreign exchange to pay for imported car components, Nissan's men in Mexico have successfully gone into business as exporters of horsemeat and honey to Japan.

In a bid to earn even more, they decided to try their luck selling women's knickers to the home land. But this time, they proved over-optimistic. They failed to realise that Mexican women have much bigger hips than the Japanese.

Nissan women employees went round "Avon-lady" style trying to sell the knickers but few orders were filled.

Observer

UK PETROL PRICE WAR

The majors take on the minors

By Ian Hargreaves and Dominic Lawson

WHEN Kent Bowden, chairman of Conoco and king of the cut-price Jet petrol pump chain, heard the news last Thursday that Esso was about to cut the price of petrol by 4p a gallon, there was a long pause.

You could almost hear the mental arithmetic of large and wholly unexpected subtractions, before he said: "Well, how about that?"

Not everyone was so cool. "Stupefied" was the official reaction at Mobil, the American oil company, with one of the most modern downstream operations in North-West Europe. It has lost almost £150m in the last two years on its UK refining *and oil products business.*

Elsewhere, the reaction was slightly more muffled. Texaco's top marketing people were at a conference in an hotel room in Brussels. British Petroleum's were talking to dealers in Marbella.

Shell's, more significantly, were holed up at Shell-Mex House in London's Strand, putting the finishing touches to a £2m campaign devised last August: "Make Money with Shell," offering customers the chance to match up halves of fake pound notes in the hope of winning £10,000.

It was probably a tip-off about Shell's campaign, the first of its kind since the 1960s, which convinced Esso, whose northern markets were already under fierce price pressure from smaller, independent operators, to make the move.

After the initial shock, Mr Bowden was in no doubt what he would do. "We'll take action to get below Esso," he said. After an uneasy eight-month truce, another petrol price war had begun.

It is a war which no one is trying to win, in the sense that none of five major players in the market—Shell, with 20 per cent, Esso (19), BP (16-17), Texaco (10) and Mobil (8)—is seriously pursuing a bigger share.

Mr Peter Hall, managing director of Esso UK, certainly denies that his company is trying to expand. It was more a defensive move, he says, taken against the "small fry" of the industry — companies like Burmah and Ultramar—which, with a fundamentally different cost structure from the majors, have been able to undercut them. "They were re-opening *stations others had closed,"* says Mr Hall. "We did *not* want to lose volume."

Mr David Burchell, who heads Shell's retail business, says the Make Money campaign was designed to deal with the same problem, exacerbated in some northern cities by even heavier price-cutting at hypermarket sites, where discounts of up to 9p a gallon have been available.

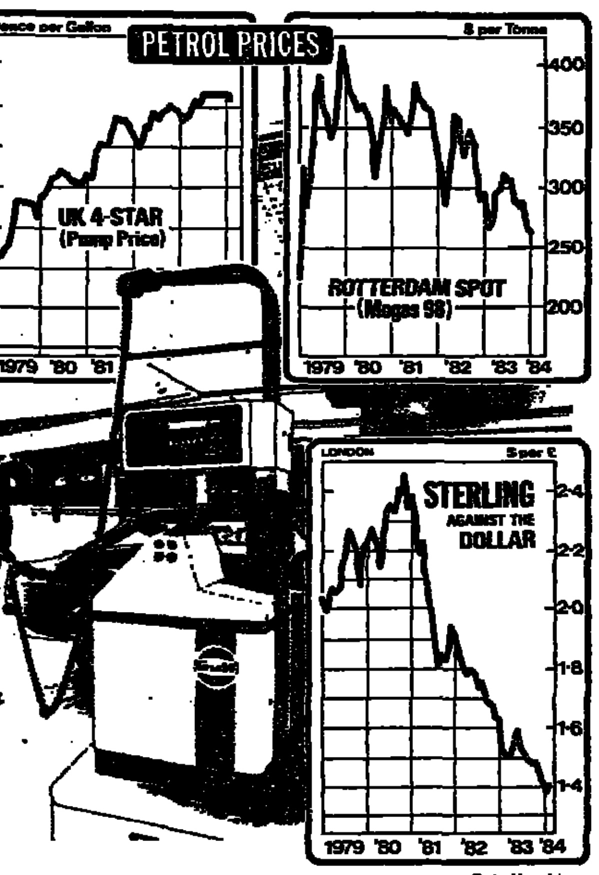
Make Money, he says, was intended to defend Shell's position without re-opening the price war. The campaign, he says, is "a relevant, contemporary type of promotion—like bingo in the newspapers." But promotions, he adds, "cannot counter price-cutting in the long run."

In the petrol business, two factors separate the weak from the strong, the profitable from the unprofitable: a company's ability to cut costs or sharpen *marketing more than its rivals* and its source of supply for oil products. This second factor, which is broadly what distinguishes the majors from the minors, since the majors have their own refineries while most of the minors do not, is fundamental to the economics of the business.

There has been significant and rapid change on both these fronts in the last few years. The most obvious has been a decline in the number of petrol stations from almost 33,000 in 1973 to about 23,500 at the end of last year—a 29 per cent drop, as companies have tried to raise throughput per site. The fact that average throughput rose in the same period by 75 per cent to about 250,000 gallons a year is an indication of the success of this strategy. It has also been helped by the fact that demand for petrol and *derv has continued to grow* since the 1973 Opec crisis in every year except 1981.

Other standard items in the petrol companies' corporate strategies in the last few years have been attempts to cut labour costs—Shell lasted out a strike last autumn and there have been numerous productivity deals with tanker drivers.

Esso says its downstream costs are now 10 per cent lower than they were in 1980 and the company, with BP, is one of the few to have actually closed a refinery. UK refineries are still, however, operating at only about 70 per cent of capacity. Shell's rolling target on its *whole downstream business* has been to cut costs by 4 per cent a year since the late 1970s.



Bob Hutchison

On the marketing front, the trend to fewer sites has been accompanied by an expensive modernisation programme to create more open forecourts, brighter lighting and more self-service, which now accounts for *30 per cent of sites, compared* with 20 per cent in 1979.

Since 1979, with virtually no brand loyalty to work on and on a more or less constant price battle, the industry has mostly eschewed games and give-aways, although lately there has been a trickle of cheap glasses and other trinkets, leading up to the major event of the Shell promotion.

A more significant marketing change is the diversification of the filling station shop into a broad-line retailing business, where customers can buy everything from garden furniture and toys to videotapes and packets of tea.

Known inside the industry as going "Solo" (sales other than light oil), this is a fashion everyone agrees will grow as the companies try to find new sources of profit. In 1979, Esso had no shop-type stations; today it has 550. BP has recently been advertising in The Grocer magazine for station managers and Ultramar, the UK independent oil company, has teamed up with the Spar grocery chain to form Ultraspar.

But these trends, although inescapable, are not the key to whether or not petrol companies make money. That is, for the most part, determined by how much each company pays for its petrol and other oil products, which in turn is determined by its pattern of supply.

For a company free to buy its gasoline on the Rotterdam spot market, the price has fallen, because of excess supply, from $310 a tonne last summer to less than $270 a tonne today. That, using exchange rates *current at each period,* translates into a fall from 70p to 64p a gallon. During the same period, the spot price of light crude at Rotterdam has held steady or even, for some grades, edged upwards. Every cent the dollar gains against sterling makes this situation worse.

Clearly, there has been a widening margin of advantage for the non-integrated oil company, buying its gasoline at *spot or spot-linked prices,* over the integrated company obliged to buy increasingly expensive crude in order to process it into products like gasoline, which are in such oversupply.

This vicious circle for the *majors is made even worse if* its refining and product cracking facilities are new and therefore subject to higher financing costs, which is the case for Mobil.

This situation could reverse *itself only if, as in the late* 1970s, there was a shortage of spot gasoline (the Rotterdam price was $419 a tonne at the end of 1979, after the second Opec crisis), a prospect which is still, according to most forecasts, remote.

For the major integrated oil companies therfore, the task is as far as possible to match refined petrol output with their own filling station needs—a fact which explains why Texaco, once its cracker came on stream, bought Chevron's petrol stations. It also explains what competitors see as BP's increasingly regional strategy, which involves surrendering market share.

None of this, however, should be taken to mean that the petrol business is a disaster area for the major oil companies or one which they are about to leave. Since trans*port demand for oil is the only* growth point in their business, they know they have to stay the course. Mobil, probably the most vulnerable company because of its relatively high refining costs and mid-way point in the market share league, says it believes Esso's strategy is to force someone to the wall. "But we're here to stay, the company insists.

Meaningful profit figures are notoriously hard to obtain, anyway, since it is difficult to strip one part of the downstream operation out from the rest. An indication of trends, however, can be seen in BP's downstream operating profit of £36m in the first nine months of 1983, which compared with a nine-month loss of £54m in the blazing price war of 1982.

Mr Hall of Esso says that margins will remain "reasonable" in spite of the price cut. Mr Burchell of Shell agrees. "There's still a small, positive margin," he says.

Mr Philip Larkin, oil analyst with Vickers da Costa and a specialist in the downstream market, confirms that "Shell and Esso will *remain* profitable to the last." Mobil and Texaco he sees as vulnerable, with BP "on the borderline." BP, he says, suffers both from higher raw material costs, since its oil purchasing operation is less *skilful than Shell's or Esso's,* and because it has "a blacker barrel"—since its refineries are less sophisticated and produce relatively more of the low-margin, black products, like fuel oil, demand for which has halved since 1973.

Mr Larkin expects the price war to intensify. Although he foresees some seasonal firming in the Rotterdam market he believes that the independents still have plenty of room to *undercut the majors without* cutting their own throats. "Prices could well slip by another 5p or 6p," he says.

The next price change, however, is more likely to be upwards, when the Chancellor re*valorises petrol duties in the* Budget — a move which so far as consumers are concerned will more than cancel out the Esso-led price cut.

But for the oil companies there can be no let up in the chiselling away at costs, with more site closures, still fewer people at headquarters, more electronics and more "Solo."

There is also no end in sight to the psychological warfare on prices which is signalled to the world at over 23,000 service points, usually in letters four feet high.

During a previous round in the price war, it is said that the manager of a Conoco station in the West Country used binoculars to follow the disturbingly frequent price cuts at a nearby Shell outlet. Each time he saw his competitor climb a ladder to change the price, he telephoned headquarters and was *given permission to undercut.* Only at the end of the day did he discover that the Shell man had been without supplies since early morning.

Figures for market share, given above, are unofficial estimates by one oil company.

Lombard

Currencies at last on move

By Samuel Brittan

THE extraordinary height of the U.S. dollar has long been regarded as a major problem by policy makers on both sides of the Atlantic. Yet when the first signs of dollar weakness begin to appear this, too, is treated as a reason for alarm and is adduced to explain the recent setback in world stock markets.

It is, of course, far too early to be sure that the dollar is on the turn. Until the markets have absorbed the first shock of Yuri Andropov's death it will be difficult even to make out the basic trend. There have been previous short periods when the dollar has weakened only to be followed by reversal and a move to fresh heights.

The balance of probability, however, is that 1984 will see an unequivocal slide in the dollar. A steeply rising current account deficit — widely forecast at $80bn this year — sooner or later leads to a weakening of the currency. Even Morgan Guaranty Trust's World Financial Markets, which has in the past heavily emphasised under-recording in the international balance of payments, now concedes that such errors are unlikely to explain away most of the payments deficit.

As both Paul Volcker and Martin Feldstein have emphasised repeatedly in the past week the "two deficits" — current account and U.S. domestic budget — are closely linked. The capital inflow helps to finance directly, or indirectly, the U.S. Treasury, and boosts the exchange rate. If overseas investors become more hesitant about buying U.S. assets and *the dollar falls, the current* account deficit will start to mend. But Federal borrowing will weigh more heavily on domestic capital markets and tend to force long-term interest rates upwards. It is this interest rate effect which may make the fall in the dollar a mixed blessing for the U.S. economy. For by itself a dollar depreciation would strengthen U.S. overseas competitiveness and give a boost to the export sector, the one most seriously lagging in the present recovery.

The policy question for the Fed is whether a falling dollar is a reason for tightening monetary policy and encouraging a rise in short as well as long-term interest rates. A fall in any currency has an inflationary effect as it boosts the prices of internationally traded goods. But the Fed can hardly regard a lower dollar as unhealthy. Just over three years ago the accepted range for the dollar against the mark was DM 1.7 to DM 2.1; and since then the real value of the dollar against the currency basket has risen by 30 per cent. Ideally the Fed, like any other central bank, would like to see any fall in the dollar gradual to minimise both the inflationary impact and the psychological disturbance. But markets have a habit of moving more abruptly than officials would like; and the Fed would be best advised to treat the exchange rate as just one more factor influencing its judgment of the prudent course for monetary growth inside the U.S.

The position in Europe and Japan is the mirror image of that in the U.S. The competitiveness of their goods will be adversely affected, but a lower dollar will ease inflationary pressure slightly and encourage central banks to follow a slightly easier interest rate policy.

Nevertheless, these various influences need not entirely cancel out. In the past European central banks have reacted very much more to exchange rate movements than the Fed. The result is that a weak dollar has been associated with expansionary or inflationary movements in the world economy as a whole and a strong dollar has had a more deflationary impact. This asymmetry may have been increased by the effect of the dollar on the payments position of Third World debtors. If these long waves of relative inflation and deflation are to be avoided, there is a strong case for central banks co-ordinating their domestic responses to currency movements.

At the moment the one clear gainer from the weakening dollar would be the UK. For the pound could then fall against the UK's main European and Japanese competitors, while rising against the dollar and remaining relatively stable in terms of the basket. This would give a boost to competitiveness where it is most needed while avoiding any net inflationary impact.

Letters to the Editor

Attitudes to European security and defence

From Sir Peter Vanneck, MEP (Cleveland)

Sir, — Your leader "Defence and the EEC" (February 8) welcomes President Mitterrand's speech in The Hague which gives new impulse to the European debate on Europe's security.

This impulse is most welcome coming from a Socialist Head of State, as the principal opposition in the European Parliament to the discussion of issues affecting European security comes from Socialist and Communist parliamentarians. I hope that the debate on European security will be taken up in the presentation of issues as the European elections approach in June 1984.

My personal hope is that lessons will be learnt from the mistakes of the past, i.e. from the attempt to create the European Defence Community and that these will lead to systematic and modest steps which strengthen European security.

The necessary and praiseworthy emphasis which the Conservative Party in Government has placed on security since coming into office in 1979 is at long last finding its complement in that the European Community is the framework within which to strengthen the economic bases of European security, specifically in defence procurement, research, development, e.g. ESPRIT, the security of trade routes outside the area of Nato responsibility and so on.

Now is the time for the British Government to encourage the impulse given by President Mitterrand among all the European allies and the accession states, Spain and Portugal, also members of Nato.

This is the way to strengthen the peace and prosperity of all the peoples of Europe, including the Irish while respecting their neutrality.

Is the vitality of Soviet defence equipment programmes in recent years for eastern Europe the guiding light for western Europe?

Peter Vanneck.
Chairman of the Joint Working Party on European Security in the European Parliament.
City Gate House,
39/45 Finsbury Square, EC2

1888 and all that

From Mr A. Lipmann

Sir, — For those readers privileged to possess and wealthy enough to afford your annual memento — The Financial Times Diary — they need look no further than the front page of the first edition of The Financial Times for February 13 1888, reproduced in facsimile at the back, in order to get an up to date view of the market.

It may be of interest to readers to note that exactly 96 years ago to the day, and also on a Monday, their Financial Times was reporting as soundly and as accurately as ever. "Southern Railways", we read had incurred a "Temporary rupture in negotiations", (Ooh . . .) and "Speculation in Copper" was the subject of a case brought before the court in which "The defendant in October 1st last" was reported to have "contracted to deliver on 10th December 25 tons of Copper at 41 L 5s per ton," and "When the 10th December came, the defendant could not deliver, as the price had in the interim gone up to 71 L 5s."

Perhaps Sheppards & Chase too, would be interested by the report headed "WELSH GOLD MINING" or wish to pick the brains of Mr Pritchard Morgan "Who was so ready in publishing the particulars of the first crushing" that the writer is forced to complain "Why does he not give the particulars of this poor ore!"

What does it all go to show? Only that one maxim in the market-place remains as true as ever —that anything that can and will happen — already has.

Anthony Lipmann.
M. C. Brackenbury & Co.
19 St Mary-at-Hill, EC3.

Phone lines to the U.S.

From the Chief Executive, International Telephones, British Telecom International

Sir,—The letter from Mr D. Buckman (January 25) merits comment since it conveys a misleading impression of the general performance of the international public telephone service between the UK and U.S. which is consistently one of the best in the world.

For the specialised facsimile service he required, Mr Buckman chose to access his correspondent via a particular U.S. Carrier to which we have only a limited number of lines sufficient to meet the normal facsimile demand. During the period to which the letter referred the U.S. Carrier had removed lines from service to implement certain modifications, significantly reducing the number available and hence resulting in the congestion encountered—*a situation beyond* the immediate control of BTI and of which we were not made aware. However, alternative routings were available to the customer had he chosen to enquire about them.

Customers experiencing difficulty on international services should in the first instance seek the assistance of the International Operator but if prob*lems persist* a call to Freefone 2606 via the local "100" operator will put them in contact with the International Customer Service point.

In Mr Buckman's case a call via *the local* "100" operator to Freefone Facsimile would have connected him to Customer Services staff responsible for the service he required who would have taken the necessary action to resolve his difficulty as rapidly as possible.

D. R. Bearham,
British Telecom International,
Holborn Centre,
120 Holborn, EC1.

True cost of electricity

From Mr D. McCann

Sir,—The subject of acid rain raises the question of the relative costs of producing electricity. The scrubbing plant needed to reduce the emission of acid gases adds very considerably to the cost of power from fossil fuels. The advocates of nuclear power point to the low cost of uranium as a very important contribution to cost efficiency. They do not, however, seem to take into account the unacceptable cost to human life and health and the environmental damage to vast areas from the mining and milling of uranium.

D. McCann.
2, Mayfield Ave.,
Sale, Cheshire.

Accountants and inflation

From Mr Edwin Whiting

Sir,—Your leader (January 30) seems to suggest that all would have been well if we had not had the Sandilands report on inflation accounting in 1975. Perhaps; but things would probably have been even better if the accountancy profession had adopted the framework of Sandilands and not attempted to build yet another accounting system.

The trouble started when people wanted to take into account the gains or losses on monetary items, primarily the gain from having loans during a period of inflation. So the "gearing adjustment" (in the "Hyde Guidelines") and then the "monetary working capital adjustment" (in ED 24) were invented. Sandilands positively eschewed this type of "financial adjustment." "The argument," the report said, "that 'gains' on net monetary liabilities should be included in profit when the cost of borrowing is debited against profit seems to us irrelevant" *(to current cost).*

The two adjustments recommended by Sandilands could have been implemented in existing historic cost accounts, with exemptions and alternatives for all special cases, if it had been set out simply and effectively instead of the 411 page book that came out with ED 18.

In my view, Sandilands got it more or less right as a reasonable system for current cost accounting. It was the Accounting Standards Committee, the Inflation Accounting Steering Group and certain sections of the accounting profession who messed it up by trying to make *it into a comprehensive system* of inflation accounting.

But it seems that Government Committees against the professions tend to be generally the losers, not because the Committees are stupid, but because the professions must maintain their particular mystique.

Edwin Whiting.
Manchester Business School,
University of Manchester,
Booth Street West,
Manchester.

FINANCIAL TIMES

Monday February 13 1984

Terry Byland on Wall Street

Climate cools for new issues

THE new issues market which played such a significant role in last year's bullish upsurge in Wall Street stocks, has now found itself in a colder climate. The number of Initial Public Offerings (IPOs) has fallen back from the heady days of last spring, and the trading record of some of the recent high-fliers hardly bears looking at.

January is traditionally the slowest month of the year for new issues, so the figures for last month may not be sending out the clearest of signals. The number of prospective new issues filed with the Securities and Exchange Commission (SEC) tumbled to barely one half of the December total. The January total of 48 SEC registrations was 26 per cent up on January 1983, but the bull market was still in its early stages at that point.

And in money terms, the value of IPOs actually reaching the stock market last month was only $594m, against $1bn-plus for each of the closing months of last year.

The new issues market can be regarded as a gauge of investor attitudes towards the stock market proper, in that willingness by new companies to enter the stock market, or by investment institutions to finance them, is an indication of underlying confidence.

Never was this more clearly spelled out than in 1983, when the strong renewal of confidence in both the U.S. economy and its stock markets brought a total of 875 IPOs, worth at the time $12.59bn, according to Howard & Company, the Philadelphia-based group which tracks the sector. Not just a record total, but larger than the aggregated total for the previous 12 years.

Most of last year's excitement lay in the new issues of the high technology fliers which seemed to represent the very cutting edge of the economic revival.

While the number of new IPOs may have fallen so far this year, there has been little reduction in the number of applications to the Securities and Exchange Commission (SEC) for new listings. The change is that many more of the lower quality issues are staying "on the shelf."

"The market's filter has tightened," commented Mr Dennis Sherva of Morgan Stanley. Prospective applicants with low growth records find it harder to interest the underwriters.

Several issuers have been obliged to reduce not only the intended offer price but sometimes the number of shares on offer.

A notable casualty was Stock Holders Systems, which was issued at $9, against a filing at $10–$13, and now trades around $8 a share.

In the secondary market, Victor Technologies, marketer in Europe of the Sirius computer, plunged from an issuing price of $22 in March to bankruptcy last week.

But on the other side of the scale, some good class issues have continued to find support. A notable success has been Mentographics, which manufacturers computer-aided engineering designs equipment.

The issue entered the market at $18.50 in January, the top end of its indicated range, with the issue increased from 2m to 3m shares. It traded at $20 last week, despite the market slide of the past month.

Mr Ian Zwicker of Hambrecht & Quist, the leading West coast underwriter, believes the major institutions are happier with a new issue market shorn of last year's excesses. Not only are they able to take larger positions in new issues which attract them, but "the quality goes up" as trading conditions become tougher.

"The new issue market tends to reflect the main stock market," said Mr Zwicker, "but with a 60 to 90 day lag."

In that case, the performance of new or recent issues over the next month could be worth watching. If the institutions continue to commit funds to new issues, then 1984 could be a better year than seemed possible in the middle of last week.

About one fifth, or $2.5bn of last year's new issues total represented the rush of savings and loan associations (S&L) to public quotation as they sought to rebuild the capital bases so badly shaken by the years of high inflation and fixed rate mortgages.

The S&L new issues were mostly very successful, partly because of a belief in the stock market that issue prices understated true reserves. But many S&L issues have found it hard to sustain issue prices set when the bull market was in full roar. California Federal Savings and Loan, the largest S&L new issue of last year, ended last week's selling bout at $18, just $1 below the issue price set at the end of March.

However, there are some signs that the travails of the past month have helped the new issue market to return to its prime function of screening new applicants for investment cash.

Syria warns U.S. over Lebanon bombardment

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

SYRIA WARNED yesterday that there was a limit to its restraint if U.S. warships continued their bombardment of targets in Lebanon.

"While Syria exercises selfrestraint vis-à-vis the destructive bombardment of Lebanese positions and civilians by the warship New Jersey and the Sixth Fleet, its selfrestraint is limited and cannot continue indefinitely," Mr Farouk al-Shara, Minister of State for Foreign Affairs, said in Damascus.

Questioned about the limit to Syrian restraint, Mr al-Shara said it would depend on "several considerations, including the level to which U.S.-Syrian relations deteriorate; the extent and impact of the bombardment; and when the Syrian Army and leadership decides the time is ripe for a response."

Mr al-Shara repeated the Syrian demand for the complete withdrawal of the multinational force in Beirut "because it has deviated from its mission as a peacekeeping force and has become involved in Lebanon's internal conflict."

Mr Caspar Weinberger, U.S. Defence Secretary, said yesterday that the pullback of the marines in Beirut to ships offshore, could be completed within 30 days and he hoped that it would be. A substantial part of the 1,400 strong force could be out of the airport area by the end of this month, he said on American television.

Mr Weinberger strongly rejected charges by Democrats and Republicans in Congress that there was confusion in the Administration over the timing of the marine pullback as well as over the purpose of last weeks' heavy shelling of land positions by ships of the Sixth Fleet.

Logistically, the marines could be withdrawn to the ships, in a few days, Mr Weinberger said. The precise timing of the operation however would have to depend on consultations with the other multinational force countries and Lebanese Government which were still continuing. The U.S. was not abandoning Lebanon, Mr Weinberger said, as the marines could always return onshore, to act as an interposition neutral peacekeeping force "if and when Syria agreed to the withdrawal of all foreign forces."

The evacuation of foreign nationals from Beirut was completed yesterday. Intermittent exchanges of fire between the Lebanese Army and Moslem militias continued for much of the day along the "Green Line" which separates the capital. At least one convoy of lorries carrying food and other essential supplies arrived in West Beirut.

In a separate television interview yesterday, Mr Lawrence Eagleburger, U.S. Under-Secretary for Political Affairs, confirmed that the formation of a United Nations force to replace the four-country multinational force was still "under consideration." He thought it unlikely, however, that other countries would agree to contribute troops to such a force, until the situation in Beirut had stabilised.

Mr Weinberger said that discussions were continuing over who should defend the airport after the marines withdrew, a task which he suggested could be taken over by the Lebanese Army. The Lebanese armed forces were still effective despite desertions by Moslem troops in recent days, he claimed.

Mr Weinberger said that the purpose of U.S. naval gunfire remained the defence of the marines, other multinational force units, the U.S. Ambassador's residence, and other positions occupied by American citizens. He denied suggestions by Administration officials last week that there were new orders to fire in support of the Lebanese Government or any particular "unit or faction." The overall U.S. objective remained to support a "legitimate elected Government in Lebanon

Saudi attempt at mediation, Page 2

Ambrosiano settlement seeks $250m from Vatican bank

BY ALAN FRIEDMAN IN MILAN

A DRAFT formula has been negotiated for the overall financial settlement of the long-running Banco Ambrosiano affair. The formula, agreed in Zurich last Wednesday, calls for a contribution of $250m from the Vatican bank and is believed to involve a total settlement for Ambrosiano Group creditors worldwide, in excess of $600m.

The formula was discussed at a meeting in Zurich's Dolder Grand Hotel, attended by the Milan-based liquidators of Banco Ambrosiano; a senior executive of Touche Ross, the London accounting firm which is managing Banco Ambrosiano Holding (BAH) Luxembourg (the defunct main overseas arm of the late Sig Roberto Calvi's Ambrosiano Group); a representative of the Italian Government-Vatican joint commission on Ambrosiano; and representatives from National Westminster and Midland banks. The two British clearing banks are co-ordinating the claims of the 88 Euromarket creditor banks of BAH.

The largest part of the Ambrosiano settlement is expected to involve the creditors of BAH, whose claims alone total $600m, and who are expected to be offered 70 per cent as a settlement ($420m). At a meeting in Geneva next Friday the 10 banks which comprise the steering committee of the BAH's 88 main foreign creditors will discuss the outlines of the formal proposal expected during the next fortnight.

Under the Zurich formula, the 88 banks are likely to receive around $315m, half of which is supposed to be paid before the end of the year. There are other Italian and Swiss creditors of BAH Luxembourg, as well as creditors of Ambrosiano Andino in Peru, who together would receive a further $100m under the 70 per cent formula.

In addition to BAH creditors, a further $200m or more could be paid to creditors of the Milan Ambrosiano parent bank and creditors of its Nassau offshoot, bringing the global settlement to more than $600m.

The Vatican bank, the Istituto per le Opere di Religione (IOR), which figured prominently in the Ambrosiano affair by directly and indirectly owning 10 of the dummy companies to which Sig Calvi's bank lent $1.3bn, could end up paying more than one-third of the overall settlement. The IOR continues to refuse to accept that its payment on a "goodwill" basis implies responsibility.

The IOR has been sounding out London's banking community about the possibility of a loan to help meet its Ambrosiano payments, which are expected to be spaced out over a 12 to 18 month period. But the Vatican bank is, meanwhile, said to be planning the disposal of several key assets to raise cash.

Among the possible disposals are said to be up to $50m of quoted shares in the U.S. and Europe, as well as property holdings and its 51 per cent stake in the Banco di Roma Svizzera. This last asset might fetch around $100m.

One participant at last week's crucial Zurich meeting has said that, despite agreement on a rough formula, it would still take time to complete the settlement. Still outstanding is the imminent sale of BAH's majority stake in the Lugano-based Banca del Gottardo and this should raise at least $120m.

● Sig Bettino Craxi, the Italian Prime Minister, held talks last Friday with Cardinal Casaroli, the Vatican Secretary of State, on the revised concordat between Italy and the Holy See. A communique from the Prime Minister's office said that both hoped for a quick end to negotiations on the concordat, the signing of which could be related to the settlement of Ambrosiano.

Brazil halts soya exports

Continued from Page 1

More practically, the Government has said it intends to help Brazilian soya producers and processors keep their products off the world market as long as possible, until they can fetch the best price. New financing is to be made available.

Last year, Brazil's attempts to push its soya and other exports to secure the trade surplus target promised to its foreign creditors, backfired when the authorities discovered they had oversold soya when world prices were low. They were forced to re-import soya products to fill domestic shortfalls.

Soya has, over the past five years, overtaken coffee as the country's most important commodity. The annual production ranges between 15m and 16m tonnes, and the export surplus available, makes Brazil the second largest supplier to the world market, after the U.S..

Moscow may name an interim leader

Continued from Page 1

delegation to the European Disarmament Conference in Stockholm, and her daughter Irina, editor of a music magazine.

Mr Chernenko, elected president of the special funeral commission, led his Politburo colleagues past the coffin on its raised dais covered with flowers. The ravages of Mr Andropov's six-month final illness, a combination of kidney disease, diabetes and high blood pressure, were disguised by makeup, but that rendered him virtually unrecognisable.

Kremlinologists, looking for clues to the relative standing of the contestants in the leadership struggle, noted that Prime Minister Mr Nikolai Tikhonov and Politburo veterans Marshal Dmitri Ustinov and Mr Andrei Gromyko followed Mr Chernenko. Then, as protocol decreed, came Moscow city party boss Mr Viktor Grishin and the younger contestants.

Meanwhile, the Foreign Ministry prepared to welcome the first high-

Marshal Dimitri Ustinov

level foreign delegations. Most countries will be represented by heads of state or government accompanied by their foreign ministers. Their presence will make Moscow briefly the diplomatic capital of the world as they seek to make their first contact with the new leader in the Kremlin.

President Reagan will not attend.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Dubrovnik	C	3	37	Malaga	S	15	59	Salzburg	S	-2	28
Akrotiri	C	14	57	Faro	—	—	—	Malta	F	9	48	Seoul	F	5	41
Algiers	C	12	54	Florence	S	7	45	Manila	S	30	86	Singapore	C	30	86
Amsterdam	S	4	39	Frankfurt	S	2	36	Miami	C	23	73	Stockholm	C	0	32
Athens	F	9	48	Funchal	S	18	64	Milan	S	6	43	Strasbourg	S	1	34
Bahrain	S	22	72	Geneva	C	1	34	Moscow	S	-5	23	Sydney	S	30	86
Bangkok	S	32	90	Gibraltar	—	—	—	Munich	S	-5	23	Taipei	S	16	61
Barcelona	F	10	50	Guernsey	C	7	45	Nairobi	S	28	82	Tangier	S	17	63
Beirut	S	22	72	Helsinki	C	0	32	Naples	F	8	46	Tehran	—	—	—
Belgrade	S	-2	28	H Kong	S	19	66	New Delhi	S	24	74	Tel Aviv	F	18	64
Berlin	S	3	37	Innsbruck	S	-4	25	New York	C	11	52	Tenerife	S	22	72
Biarritz	C	7	45	Inverness	F	8	46	Nice	S	13	55	Tokyo	C	5	41
Blackpool	C	8	46	Istanbul	C	1	34	Oporto	—	—	—	Toronto	C	5	41
Bordeaux	S	9	48	Jersey	C	8	46	Oslo	C	-1	30	Tunis	C	10	50
Brussels	S	4	39	Jo'burg	S	26	79	Paris	S	6	43	Valencia	S	14	57
Budapest	S	2	36	Las Palmas	S	24	75	Prague	S	-3	27	Venice	S	6	43
B Aires	R	28	82	Lima	S	27	81	Reykjavik	R	1	34	Vienna	S	0	32
Cairo	S	19	66	Lisbon	S	12	54	Rio de J'o	S	35	95	Warsaw	S	-2	28
Cape Town	S	27	81	Locarno	S	7	45	Rome	S	10	50	Zurich	S	-1	30
Caracas	—	—	—	London	F	8	46								
Casablanca	S	17	63	Los Angeles	S	20	68								
Copenhagen	C	0	32	Luxembourg	S	1	34								
Corfu	F	11	52	Madrid	S	9	48								
Dublin	C	8	46	Majorca	F	14	57								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Thatcher set for Moscow visit

Continued from Page 1

U.S., transcending any political party."

Mrs Thatcher's decision to visit Moscow has generally been praised in Britain, even grudgingly by Mr Edward Heath, the former Conservative Prime Minister. But Mr Heath has warned against expecting any changes overnight since the rhetoric of the past four years had created great personal bitterness on the Soviet side.

Developed countries face cuts in welfare spending

By Paul Betts in Paris and Max Wilkinson in London

SPENDING on the welfare state will come under strong pressure during the rest of this decade, according to a confidential report to be discussed by finance ministers of the major industrial countries in Paris today.

The report by the Organisation for Economic Co-operation and Development (OECD) secretariat describes an increasing realisation in the Western world "that the days are past when public expenditures can grow in one field without being cut back somewhere else."

The report sums up a series of supporting papers by the OECD on the related problems of public sector growth, deficits, savings and the prospects for increasing investment and bringing down unemployment.

It warns ministers that the rapid growth of national debts in relation to output threatens the "longer term stability of public finances, contributing to higher real interest rates and hence to less capital formation."

Despite efforts by most governments to reduce their deficits, the burden of total government debts is continuing to rise in most countries because of the effects of recession, the report says.

The OECD believes there will be little scope for Governments to spend their way out of the recession. The high ratios of government debt to output also mean that ways must be found to encourage public and private savings, to ensure that they are large enough to meet the investment needs of both sectors and leave something over for capital exports to the Third World.

The report says that budget deficits in the developed countries now represent as much as 20 per cent of gross private savings and more than half of savings after allowance is made for depreciation. The average budget deficit is estimated to be more than 4 per cent of output in 1983, which is double that of 1979 and compares with less than ½ per cent in the early 1970s.

The emphasis which the secretariat now puts on control of public spending and deficits seems quite closely in tune with the strategy of the UK Government, but there are some strongly implied criticisms of the U.S. for failing to reduce its own federal budget deficit.

Mr Donald Regan, the U.S. Treasury Secretary, has decided not to attend the meeting. He is sending Mr Beryl Sprinkel, the Treasury Under-Secretary, and Mr Martin Feldstein, chairman of the President's Council of Economic Advisers and an outspoken critic of the deficit. The UK is represented by Mr Peter Rees, Chief Secretary to the Treasury.

Mitterrand pledge on EEC

By Paul Betts in Paris

PRESIDENT François Mitterrand said last night that Mrs Margaret Thatcher, the UK Prime Minister, should not ask "too much" from the European Community although he acknowledged Britain paid a high contribution to the EEC budget.

"She thinks she pays too much and she pays a lot. But she should not ask too much," the French-President said during an hour long television programme reviewing events of the past week.

President Mitterrand said he would do everything possible to enable the current EEC crisis to be resolved at a time when "the risks remain high." He also renewed French demands for the dismantlement of the controversial system of monetary compensatory amounts (MCAs) in the Common Agricultural Policy.

President Mitterrand said he had not given the order for the French multinational peacekeeping troops in Beirut to pull out of the Lebanese capital. He said he was in contact with all the parties in the Lebanon crisis, and would order the retreat of the French troops if events forced a withdrawal but that at present they were accomplishing their difficult mission effectively.

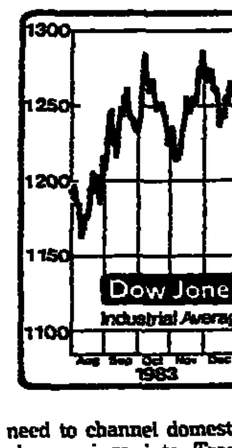
He defended the French presence in Chad and said that France would play its part in developing a necessary dialogue between the West and the Soviet Union, following the death of President Yuri Andropov.

● France is keen to see the negotiations over Spain's entry into the European Community completed by the end of September, M Claude Cheysson, the French Foreign Minister, said yesterday at the end of a two day meeting of French and Spanish ministers.

THE LEX COLUMN

Wall St sings the blues

Last week's thunderstorm on Wall Street caught the financial district's weathermen hopelessly unawares. The skies had admittedly been clouding over since the first week of January, when the Dow Jones almost capped the peak reached in late November. But nothing had prepared Wall Street for the downpour. Even after a worthwhile recovery on Friday, the Dow was showing losses on the week of 36 points, a fall of 3 per cent.



Ironically, the immediate cause of the setback was a problem which had been firmly embedded in the market's thinking for months – the size of the U.S. budget deficit. The notion that, without a dramatic overhaul of fiscal policy, the annual deficit will soon balloon over $200bn, has long been commonplace. It has, however, taken a series of Olympian pronouncements by the chairman of the Federal Reserve Board, with a public row between the Treasury Secretary and the Administration's chief economic adviser as a supporting act, to drive home the implications of the deficit to the equity market.

Fed policy

The market debate on Fed policy has until recently focused on the likely monetary response to an economy which has now moved out of recovery and into steady expansion. The slowdown in GNP growth during the fourth quarter, together with a slightly disappointing series of corporate earnings figures for that period, had caused market analysts to scale down earnings and dividend projections for the current year. But at least the more modest growth appeared to defuse fears of a sharp increase in inflation and so held out the hope of a more accommodating stance by the Fed.

By shifting the ground of the debate away from economic growth and towards fiscal policy, Mr Volcker has effectively knocked that argument on the head. The present level of real interest rates – around 4 to 5 per cent in the long bond market assuming a medium-term inflation assumption of 6 to 8 per cent – is determined, so the Fed seems to be arguing, more by the compelling need to channel domestic and foreign savings into Treasury debt than by any immediate concern with the level of monetary growth.

The role of capital inflows – currently running at around $80bn annually – in funding the deficit has not surprisingly directed attention towards the dollar. The equity market is already expressing concern that, if the dollar remains around its current level, earnings estimates may have to be shaved again to account for diminished export competitiveness and lower translated earnings. Conversely, a much weaker currency might drive up interest rates, not merely to stem capital outflows, but also to contain inflationary pressures. Assuming that GNP growth remains above 5 per cent this year, U.S. industry will approach the level of capacity utilisation – perhaps around 85 per cent – generally associated with an acceleration of producer prices. At the moment, the strong dollar is keeping imports competitive enough to restran price increases. Any sustained weakness would probably set alarm bells ringing in the Fed.

In its present mood, the market is only too ready to accept heads and tails you lose arguments of this kind. Discussions about the budget deficit were being conducted in just an atmosphere of defeatism last week. Both the equity and debt markets have accepted that, unless a structural attack on the deficit is instigated immediately after the November presidential election, the Fed will be obliged to drive interest rates back to the dizzy levels seen in early 1982. The preferred option is undoubtedly an increase in taxes and a sizeable cut in military spending. The worry there, however, is that the necessary fiscal adjustments would be so large as to halt economic expansion in its tracks. The bears are pencilling in mid-1985 as the date of the next recession, come what may.

The puzzle about Wall Street's response to the deficit worries has been the divergent performance of the equity and fixed income markets. Bond prices admittedly fell every day last week but the correction – 1¾ points overall at the long end – was nothing to compare with the action on the equity market. The Treasury managed a $16.25bn refunding without a rout and, while most of the funds released from equities were being placed on deposit, some at least were being earmarked for the bond market. The most disturbing feature was a further sharpening of the yield curve – the appetite for three-year paper at auction proved far greater than that for the long bond.

Defensive

There were admittedly good technical reasons for equities to take the brunt of the fall. Many institutions became substantially overweight in equities last year and are selling in that market first as they build up defensive cash positions. Moreover, the record level of margin debt, currently over $21bn, has incited fears of disorderly liquidation.

Some Wall Street analysts were contending late last week that the equity market is now poised for a rebound. Corporate cash flow after all remains remarkably strong, earnings should still be up by perhaps a fifth this year, calls on the market are small and the equity pool is being drained by takeovers and the corporate buying-in of stock. The most on Wall Street, however, the trends in earnings growth, inflation, government spending and economic activity are now pointing decisively in the wrong direction. Last week, the bulls were unquestionably on the run.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday February 13 1984

Peru debt concession confirms trend to lower margins

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE TREND towards lower margins on rescheduled debt was confirmed last week when Peru won a drop of ½ percentage point on the margins it will pay for a refinancing of about $1.5bn in medium and long-term debt maturing this year and next.

Peru is the third Latin American country to win such a concession in the face of pleas from debtors for less onerous terms. Last Autumn, Brazil negotiated a cut of ⅛ point on the margins applied to its latest rescheduling package.

At Christmas, Mexico won a particularly large cut in spreads for its latest $3.8bn loan. It is paying ¾ per cent less over Eurodollars and 1 per cent less over U.S. prime than it did for the $5bn loan arranged in 1983.

A number of factors come into play when leading creditor banks sit down with a borrower to discuss such an easing of conditions – market receptiveness to lower spreads, the level being charged previously, and the extent of the need for new money, all play a role. But until the Peruvian terms were agreed, cuts in margins seemed experimental and random.

A pattern is now emerging in which two considerations have assumed key importance. The first is whether the country concerned has run up arrears on debt service; the second is whether it has stuck by the terms of its International Monetary Fund programme.

Looked at from this point of view, Mexico easily qualified for the most lenient treatment. It both stuck to its IMF programme and paid all its interest on time. Brazil did neither. Peru sits somewhere in the middle with no arrears but having failed to meet the original conditions of its IMF loan.

Some more countries will have to negotiate their packages for 1984 before it becomes clear how rigidly banks want to apply these two criteria. If they stick to their guns, however, Argentina's negotiations could be all the more difficult.

Argentina has made clear that a substantial improvement in terms is expected. At the same time, its arrears on debt service are very large, at about $3bn, and it failed to meet the terms of its IMF agreement.

In fact, Argentina is rapidly becoming the most worrying major debtor in Latin America. It has so far failed to negotiate conditions for drawing the remaining $1bn of the $1.5bn credit assembled by bank creditors last year. This week it will have to ask for a further extension of the repayment date for $350m due on Wednesday on its $1.1bn bridging loan.

International bankers are also increasingly perturbed by the failure of Argentina's new Government to get a grip on economic policy.

BHF Bank bond average		
Feb 10		Previous
98.845		98.831
High	1983-84	Low
102.017		97.899

Shortage of new business in the syndicated loan market led last week to several deals being heavily oversubscribed. Loans for Indonesia and for Italy's state energy concern ENI are being increased to $600m from $500m and to Ecu 450m from Ecu 250m respectively. The $150m, five-year credit for the Soviet Union's Foreign Trade Bank had attracted subscriptions of about $200m by last Friday.

A feature of this deal is the broad geographic representation of participating banks. No U.S. institutions are involved, but Banco Portugues do Atlantico is, for example, putting up $10m. The borrower has been offered an increase in the total amount

Controversy enlivens record week for FRNs

BY MARY ANN SIEGHART IN LONDON

NOT ONLY was last week a record one for the Eurodollar floating rate note market, in which nearly $2bn worth of notes was issued; it also saw the launch of two innovative and controversial deals.

The World Bank was the first to break new ground. On Tuesday, it tapped the floating rate note market for the first time, and caught many investment bankers by surprise by using the Eurobond rather than the U.S. domestic market.

In doing so, it also became the first issuer to borrow at a rate linked to U.S. Treasury bills, rather than the London interbank offered rate (Libor). The World Bank is known to prefer the T-bill rate because it is usually less volatile.

The $250m bond, led by Bankers Trust and Crédit Suisse First Boston, pays 0.35 per cent over the three-month Treasury bills and has a life of 10 years – more than the bank could have achieved in the U.S. market.

The bond yields about 30 basis points less than Libor, while most comparable FRNs yield a small spread over Libor. Nevertheless, it sold at a small 0.30 per cent discount to its par price for most of last week.

Apparently there were a few block purchases from Middle Eastern investors and several smaller ones from central banks. But its strong performance in price terms seems very odd.

A floating rate note investor is sacrificing nearly ½ percentage point in yield for the privilege of buying paper bearing the World Bank's name. Barclays Bank, for example – also a triple-A rated borrower, though not quite in the World Bank league – launched an issue last week which yielded 0.14 per cent over Libor to investors.

So maybe the sort of investors who buy T-bills would welcome the 0.35 per cent pick-up in yield from buying World Bank paper instead.

Manufacturers Hanover, meanwhile, launched a deal on Friday which evoked starkly contrasting reactions from new issue managers. Led by Smith Barney Harris Upham and UBS Securities, the $100m, 12-year bond has an 11¼ per cent coupon at par. This is about 1¼ per cent less than Manufacturers Hanover would have to pay on a normal straight bond of that maturity, but the sweetener is that, between March 1985 and March 1989, investors will be able to convert it into a floating rate note, also due 1996, paying ¼ per cent under three-month Libor.

At first sight, this might seem rather bad value; why should a fixed-rate investor sacrifice 125 basis points of yield for the option – if rates rise – of moving into a floater which will trade at a price of about 96 to bring it into line with other FRNs?

But the picture becomes clearer if one looks at the deal from the point of view of the floating rate investor – effectively buying a floater with a minimum coupon of 11¼ per cent. At the moment, this gives a yield of about 1 percentage point more than would be achieved on an equivalent floater. And if rates rise, the bond will never be worth less than 96.

Demand was indeed strong from FRN investors and the bond traded at a respectable 1½ per cent discount.

With the New York market drifting lower all week, trading was desultory in the fixed-rate dollar secondary market. Prices fell by ⅛ to ¼ point. Uncertainty was in evidence too in Continental European markets, where prices eased off on the week by about ¼ point. Activity was low despite the weakening of the U.S. dollar. Prices on Japanese convertibles in the Swiss franc market fell in line with decline in Tokyo stocks.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Mitsubishi Metal ¶‡	40	1989	5	5¾	100	Nikko Secs., Mitsubishi Fin., Mgn. Grenfell	5.750
Minebea ¶‡	100	1989	5	6¼	100	Nomura Intl., Baring Bros., Daiwa Eur., LBI, LTCB Intl.	6.250
Barclays Bank †(a)‡	350	2004	18	⅛	100	Barclays Merch. Bk., Lehman Bros., SG Warburg.	–
Ned. Gasunie ‡	75	1991	7	11¼	100	Amro Intl., Citicorp Intl.	11.250
Sankyo Seiki §	40	1991	7	3½	100	Nikko Secs.	*
Sumitomo Heavy Inds. ¶	50	1989	5	6¼	100	Daiwa Eur., Sumitomo Fin. Intl., SG Warburg	*
World Bank † × ‡	250	1994	10	0.35	100	Bankers Tst., CSFB	–
Dresdner Bank †(b)‡	350	1989	5	0	100	Dresdner Bank	–
Dutch State Mines ‡	150	1991	7	11⅜	100	Amro Intl., Mgn. Gty., Salomon Bros., SBCI	11.375
Mitsui Fin. Asia †(a)‡	100	1996	12	⅛	100	Hambros Bank, Mitsui Fin., Mgn. Gty.	–
El Dorado Nuclear †‡	100	1989	5	0	100	Salomon Bros.	–
Bk. für Gemeinwirtsch. †(b)‡	100	1996	12	⅛	100	Samuel Montagu	–
Montreal Urban Cmty. †‡	150	1991	7	0	100	CSFB	–
Bk. of America ○‡	100	1988	4	8	87½	BA Intl.	12.126
Elec. de France †‡	400	1999	15	⅛	100	BNP, CSFB, Citicorp Intl., Deutsche Bk.	–
Bque. Bruxelles Lambert †(a)‡	100	1999	15	⅛	100	CSFB	–
Manuf. Hanover ǁ‡	100	1996	12	11¼	100	Smith Barney, UBS Secs.	11.250
Nippon Oil §	50	1999	15	3½	100	Yamaichi Intl., Robt. Fleming, Mitsui Fin., Nomura Intl.	*
CANADIAN DOLLARS							
World Bank ‡	100	1989	5	11⅜	99¾	Wood Gundy, Dominion Secs.	11.443
AUSTRALIAN DOLLARS							
PIBA ɸ‡	50	1989	5	12⅜	100	Orion Royal Bank	12.375
AIDC ‡	42	1990	6	12⅛	100	Orion Royal, Daiwa Eur.	12.125
State Bank of N.S.W. ‡	40	1989	5	12¼	100	Mgn. Stanley, Samuel Montagu, Sal. Bros.	12.250
D-MARKS							
Eurofima ‡	100	1994	10	7⅝	100	Deutsche Bank	7.625
Mitsubishi Heavy Inds. ¶	200	1989	5	3½	100	Deutsche Bank	*
Baxter Travenol ‡	200	1994	10	7⅛	99½	Deutsche Bank	7.322
SWISS FRANCS							
Cofiroute ɸ‡	80	1994	–	7	100	Paribas (Suisse)	7.000
Daiwa House **§‡	100	1989	–	1¾	100	UBS	1.750
Sumitomo Elec. Inds. **§‡	100	1989	–	1¾	100	CS	1.750
Morinaga & Co. **¶‡	30	1989	–	3½	100	CS	3.500
Nakamuraya **§‡	20	1989	–	1⅞	100	SBC	1.875
Zenchiku **§‡	20	1989	–	1⅞	100	Swiss Volksbank	1.875
Nippon Shinpan §‡	100	1992	–	2	100	CS	2.000
Nat. Bking Corpn. of Australia ‡	100	1994	–	5⅝	100	CS	5.625
Seagram Co. **‡	45	1991	–	5¼	100	SBC	5.250
Kyushu Elec. Power	100	1992	–	*	*	SBC	5.875
Sonoike Mfg. **§	60	1989	–	1⅞	100	Handelsbank	*
Nippon Chemie-Con **§	50	1989	–	1⅞	100	SBC	*
Atsugi Motor Parts **§	35	1989	–	2	100	UBS	*
Settsu Paper Bd. §	50	1992	–	2¼	100	Bk. Hofmann	*
Settsu Paper Bd. **§	30	1989	–	2	100	CS	*
Toyo Engineering **§	50	1989	–	2	100	UBS	*
GUILDERS							
World Bank	300	1994	8	8¾	*	ABN	*
STERLING							
Quebec Prov. ‡	50	2020	36	12¼	97.80	SG Warburg	12.532
LUX. FRANCS							
EIB **‡	250	1991	7	11	100	Paribas Lux.	11.000
Bque. Gen. du Lux. ‡	600	1992	7	10¼	100	Bque. Gen. du Lux.	10.250
ECUs							
Denmark	75	1991	7	10¾	*	Kredietbank Lux.	*
EIB	75	1994	8.4	10⅝	*	BBL	*
YEN							
Asian Devt. Bank ‡	15bn	1994	10	7⅜	99¾	Daiwa Secs.	7.411

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. (a) Spread over mean of 6-month bid and offered rate. (b) Spread over 3-month Libor. × Spread over 3-month T-Bills. ¶ With warrants. ○ Tap issue of previous stock. ǁ Convertible into a FRN from Mar. 1985 ɸ Increased. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Volcker testimony halts debate on interest rates

WHATEVER LINGERING illusions persisted in the U.S. credit markets about the mismatch of current U.S. fiscal and monetary policy—and the immediate interest rate outlook—appear to have been swept aside. As a result the markets last week adopted both a more realistic, and a more sullen, tone.

It was the Federal Open Market Committee December meeting report and Mr Paul Volcker's congressional testimony last week which finally hammered the message home. Effectively, Mr Volcker's comments have all but ended the hitherto fierce debate on Wall Street about Fed monetary policy and interest rates—at least in the short term.

What the Wall Street credit markets appear to have distilled from the Volcker testimony is that Fed monetary policy is boxed in by domestic and international constraints including deficits, inflation concerns, the economy and, significantly, the strength of the dollar.

In a nutshell what the credit markets perceive Mr Volcker to have set out to achieve was to reaffirm Fed independence—even in an election year, to maintain Fed credibility in the fight against inflation, and dramatically to shift responsibility for maintaining a non-inflationary recovery and the "hope" of lower real interest rates to the White House and Capitol Hill.

This week, which begins tomorrow for the government credit and money markets following the extended Lincoln birthday holiday weekend, the markets and investors will have an opportunity to reflect on Mr Volcker's view that the markets had "over-reacted" to his comments and assess some of the less well publicised aspects of his testimony.

Among these Mr Volcker emphasised that although M1's status has been elevated from a monitored to a target variable, in terms of Fed policy it still carries less than full weight. In essence this move represents the first step in the "rehabilitation" of M1, a number which, following the introduction of contemporaneous reserve accounting, will be published on Thursday afternoons starting this week and based on a statement week ending the previous Monday.

The credit markets, although less dramatically hit than the equity market, begin the week in something less than sparkling form.

The $16.25bn Treasury refunding package last week highlighted market concern to stay short and the relative lack of retail buying interest. As a result bond prices fell by up to 1½ points at the long end, corporate new issues all but dried up and short-term money market rates increased by up to 25 basis points.

By the close last week, after the Commerce Department had announced an unexpectedly large 0.6 per cent increase in the January Producer Price Index reinforcing inflationary concerns, the Treasury long bond was trading at 100⅜ to yield 11.92 per cent compared to 11.70 per cent just a week ago.

In the corporate bond markets prices were also marked sharply lower with seasoned medium and long-term issues losing between ¾ and 1½ points on the week.

Last week's corporate issues included a $150m offering of 12.20 per cent 10-year notes priced at par from DCS Capital Corporation, a company formed by Dow Chemical, Union Carbide, and Shell Oil of Canada to build an Alberta gas plant, and $100m issue of floating rate notes from Wells Fargo, the coast banking group, with interest rates tied to the three-month Libor rate.

Paul Taylor

U.S. INTEREST RATES (%)

	Week to Feb 10	Week to Feb 3
Fed funds weekly average	9.56	9.41
3-month CDs	9.50	9.30
3-month T-bills	9.04	9.02
30-year Treasury bond	11.81	11.68
AAA Utility	12.38	12.63
AA Industrial	12.63	12.38

Source: Salomon Bros (estimates).

In the week ended February 1 M1 rose by $2bn to $524.6bn. In January M2 rose by $7.8bn to $2,151.9bn and M3 rose by $12.1bn to $2,614.5bn. All figures revised to include up-dated seasonal adjustments and M3 definition changed to include term Eurodollars held by U.S. residents.

AFC lifts stake in United Brands

By Paul Taylor in New York

AMERICAN FINANCIAL CORPORATION (AFC), a Cincinnati-based financial services group controlled by investor Mr Carl Linder, has spent $61.6m to raise its stake in United Brands, the world's largest banana importer, to 45.4 per cent from 29.3 per cent.

AFC said it had purchased a total of 2.176m shares of the food company's common stock and 33,130 shares of its convertible preferred stock.

The shares were purchased in a private transaction from Mr Max Fisher, his family and a partnership owned by Mr Seymore Milstein and Mr Paul Milstein and their families. The total purchase price represented $27 per common share and common share equivalent of preferred stock.

Mr Carl Linder, who is chairman of AFC, has been a long-time investor in United Brands and is a board director.

Mr Seymore Milstein will remain chairman and chief executive of United Brands.

Bahrain control for Grindlays branch

BY MARY FRINGS IN BAHRAIN

GRINDLAYS BANK is to restructure its Bahrain branch as a local bank with a 60 per cent Bahraini ownership. Grindlays will continue to run the bank under a management contract and will be required to put up new cash for a 250 per cent capital increase.

The paid-up capital of the new bank, which will probably be known as Grindlays Bahrain, will be BD 3m (U.S.$8m), compared with capital and reserves of the existing branch of about BD 850,000. The authorised capital will be BD 15m.

Although government approval for the change is expected to be published in Bahrain's official gazette on Thursday, it is understood that no agreements have yet been signed between Grindlays and the new shareholders.

The Bahrain branch of Grindlays once held a high percentage of the bonding and guarantee business for the local construction market. It was, however, adversely affected by a change in government policy two years ago which limited the arrangement of bonds for public projects to Bahraini Banks.

According to the Bahrain Monetary Agency's domestic banking statistics for 1982, Grindlays ranked 14th in size among the 18 banks in the market, with assets of BD 11.5m. Its profit for that year was BD 327,000 and the 1983 result is understood to be very similar.

Grindlays' Group Treasury operation and Grindlays Bank International, both of which are licensed as Bahrain offshore banking units, will not be affected by the restructuring of the domestic branch.

● The Bahrain Monetary Agency (BMA) is to grant a restricted investment banking licence to Arab Financial Services (AFSCO) which was set up by the Union of Arab banks to issue travellers cheques and eventually credit cards in association with Visa International.

The major investors in AFSCO, among 56 shareholder banks, exchange houses and other financial institutions, are Arab Banking Corporation, BCCI, National Commercial Bank of Saudi Arabia, Libyan Arab Foreign Bank and the Arab Bank for Investment and Foreign Trade.

PLM reaps benefit of capital injection

By Kevin Done in Stockholm

PLM of Sweden, one of Europe's leading packaging companies, boosted its profits by 60 per cent last year as it began to benefit from a far-reaching restructuring programme and important capital investment in new plants.

Profits before taxes, allocations and extraordinary items jumped to SKr 153.6m ($18.9m) from SKr 38.1m in 1982. Profits before tax and allocations more than doubled to SKr 157.5m from SKr 67.2m in 1982, when PLM's performance was still burdened by restructuring costs.

The company is increasing its dividend to SKr 5 per share from SKr 4.35 in 1982.

PLM's financial position has been strengthened by share issues in Sweden and Denmark last year and the board is planning a further issue of up to 500,000 shares to foreign investors.

Group sales rose 13 per cent to SKr 3.26bn from SKr 2.8bn a year earlier.

North American quarterly results

GENERAL SIGNAL CORP

Fourth quarter	1983 $	1982 $
Revenue	433.6m	371.3m
Net profits	20.4m	22.6m
Net per share	1.05	0.84
Year		
Revenue	1.57bn	1.62bn
Net profits	69.7m	107.8m
Net per share	3.16	3.53

M/A COM INC

First quarter	1983/84 $	1982-83 $
Revenue	188.5m	151.6m
Net profits	7m	6.4m
Net per share	0.17	0.16

NATIONAL FUEL GAS

First quarter	1983/84 $	1982-83 $
Revenue	303.5m	278.8m
Net profits	16.95m	7.4m
Net per share	3.12	1.31
Year		
Revenue	1.04bn	1.01bn
Net profits	39.76m	29.58m
Net per share	7.15	5.34

PERKIN-ELMER

Second quarter	1983-84 $	1982-83 $
Revenue	288.8m	260m
Net profits	14.16m	10.25m
Net per share	0.32	0.24
Six months		
Revenue	536.4m	485.2m
Net profits	22.81m	21.28m
Net per share	0.52	0.49

STERLING DRUG

Fourth quarter	1983 $	1982 $
Revenue	450.6m	448m
Net profits	35.51m	31.76m
Net per share	0.58	0.52

Year		
Revenue	1.8bn	1.8bn
Net profits	138.55m	131.97m
Net per share	2.84	2.17

STELCO

Year	1983 C$	1982 C$
Revenue	2.03bn	2.02bn
Net profits	160.9m†	191.1m†
Net per share	10.22	13.86

† Loss

TEXTRON

Fourth quarter	1983 $	1982 $
Revenue	820.2m	717.3m
Net profits	22.6m	16.2m
Net per share	0.62	0.45
Year		
Revenue	2.98bn	2.94bn
Net profits	86.7m	84.4m
Net per share	2.40	2.30

TIMES MIRROR CORP

Fourth quarter	1983 $	1982 $
Revenue	690.2m	596.2m
Net profits	61.7m	53.8m
Net per share	1.19	0.79
Year		
Revenue	2.48bn	2.21bn
Net profits	199.6m	139.9m
Net per share	2.90	2.06

TRAVELERS CORP

Fourth quarter	1983 $	1982 $
Revenue	2.9bn	2.8bn
Net profits	107.7m	99m
Net per share	1.28	1.17
Year		
Revenue	12bn	11.4bn
Net profits	342.6m	309.9m
Net per share	4.08	3.67

INTERNATIONAL APPOINTMENTS

Deputy attorney general joins GTE

● Mr Edward C. Schmults, deputy attorney general of the U.S., has been elected senior vice president and general counsel for GTE. Mr Schmults served as deputy attorney general since January 1981. At GTE, he will direct the activities of the corporate legal department and provide legal counsel to management and the board on all corporate matters. He succeeds Mr Gorge Shertzer, who took leave of absence from GTE in June, and has announced his plans to retire.

● Mr George J. van Dalen has been appointed chief executive of the NATIONAL BANK OF ABU DHABI. He joined the bank in March 1982 as general manager for the treasury division. Formerly vice president of Citibank, he has held positions of regional treasurer for the Middle East/Africa division, senior country officer for the United Arab Emirates and manager of Citibank's leasing company in Brazil.

● Mr Richard Giordano, group managing director and chief executive officer of The BOC Group has been appointed a non-executive director of GEORGIA-PACIFIC CORP, based in Atlanta, Georgia, a leading manufacturer and distributor of building products, pulp, paper and chemicals.

● Mr C.R.M. Kemball, a director of Kleinworth, Benson, is being seconded as executive vice president in charge of KLEINWORT, BENSON (NORTH AMERICA) CORP.

● TEXAS EASTERN has elected Mr Henry H. King as president, chief operating officer and a director of the corporation. Mr I. David Bufkin, who was chairman and president, will remain chairman and chief executive officer. Mr King joined Texas Eastern's personnel division in 1958. He was named senior vice-president and chief administrative officer and a member of the corporate management committee in 1980 and executive vice-president in 1982.

● Mr Bruce Wennerstrom, president of the real estate company of Previews, Inc., since 1976, has been appointed chairman, president and chief executive officer of SOTHEBY'S INTERNATIONAL REALTY CORP, New York. Sotheby's International Realty Corp, formed in 1976, is the luxury real estate arm of Sotheby's Holdings Inc.

Mr Bruce Wennerstrom, chairman, president and chief executive officer, Sotheby's International Realty Corp.

● GULF INTERNATIONAL BANK has made the following changes: Mr Costi F. Chehlaoui has been promoted to executive vice president and banking group head. Mr Brian W. Clark, operations group head, has been promoted to executive vice president. Mr Hussain Al Ansari, head of human resources, has been promoted to senior vice president. Mr Juergen Klimm, head of financial control and technical services has been promoted to senior vice president, and Mr Clive Temple-Court, chief auditor, has been promoted to senior vice president.

● COMSAT world systems division has appointed Mr Lawrence M. DeVore to the newly-created position of vice-president, law and administration. In this capacity, Mr DeVore serves as the general counsel of the division, and is responsible for the management of the division's activities associated with financial analysis and general administrative and budgeting, rates and tariffs, matters. Mr DeVore has been vice-president and general counsel of COMSAT world systems division since 1980.

● THE INVERNESS GROUP INC has named Mr Clark Abbott, former managing director of Morgan Stanley and Co Inc, as a managing director. Mr Abbott will act as the firm's chief operating officer. The Inverness Group is a private investment banking firm based in Houston, Texas.

● FRED S. JAMES AND CO. of Utah, Inc, has appointed Mr Ray E. Nelson as vice-president and senior account executive. Since 1966, Mr Nelson has served as president of Bayly, Martin and Fay, Inc, of California.

● EUROPEAN ASIAN BANK has made the following appointments: Mr John A. Miles, head of the bank's merchant banking group, has been promoted from director to executive director. Mr Rogers D. LeBaron, manager of Eurasbank's merchant banking arm in Hongkong, European Asian Finance (HK), has been promoted to managing director.

● Mr Bruno Bertez has been appointed chairman of the AGEFI GROUP. Mr Jacques-Yves Duquennoy retains the managing directorship. This nomination follows the acquisition of 50.5 per cent of Agefi shares by l'Opinion SA (publishers of La Vie Francaise). The newspapers are now part of the same organisation.

● Mr C. Raymond Grebey Jr has been elected senior vice-president, industrial relations, at PAN AMERICAN WORLD AIRWAYS. He will be responsible for all human resources and labour relations matters. His appointment is from Feburay 15.

● Mr Gerald H. Long, president and chief operating officer of R. J. REYNOLDS TOBACCO CO, has been elected chief executive officer. He succeeds Mr Edward A. Horrigan Jr, who continues as chairman of the board of the company, a subsidiary of R. J. Reynolds Industries, Inc. Mr Horrigan also continues as executive vice-president of R. J. Reynolds Industries.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com. 11¾ 90	100	100¼	100⅝	−0½	−0⅝	11.14
Australia Com. 11½ 95	300	97⅛	97⅝	0	−0¼	11.88
Australia Com. 11⅝ 98	100	97⅜	97⅞	−0¼	−0⅛	11.96
Bank of Tokyo 11⅞ 90	100	98¼	99	0	−0½	12.13
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Shikoku Elec. Pwr. 6 91	100	102½	102¾	+0½	+0⅛	5.57
Soc. Lux. Cent. 5¾ 93	100	99	99¾	0	−0⅛	5.87
Sumitomo Hvy. I. 6 91	100	†101	101½	+0⅛	0	5.79
Tokyo Elec. Pwr. 5⅞ 91	100	102⅞	103⅛	0	−0¼	5.38
Trizec Corpn. 6¼ 93	100	100⅞	101⅛	+0⅛	−0½	5.98

Average price changes... On day 0 on week −0⅛

[illegible]

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	6,232.4	13,533.0
Previous week	6,855.6	14,164.8
Other bonds		
Last week	1,593.5	1,065.5
Previous week	1,541.1	1,306.7

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on February 10

UK COMPANY NEWS

Maynards renews rejection of £6.3m bid by Cartier

BY WILLIAM DAWKINS

Maynards, the North London retailer and sweet manufacturer, yesterday renewed its objection of a partial bid worth £6.3m from former supermarket chief, Mr Lew Cartier.

In a letter to shareholders, Mr Robert Ramsdale, Maynards' chairman, revealed that the disposal, announced last month, of the group's 133 confectionery, tobacco and newsagent outlets (known as CTNs) will raise "a net figure significantly in excess of £3.5m."

The group also increased its earlier forecast for pre-tax profits for the year to June from £1.28m to £1.42m before exceptional items. In the previous year, Maynards made £917,000.

Within the new estimate, the CTN division, which was expected to have lost £220,000 in the six months to December, was actually £80,000 in the red for that period. "This improvement was due to a sales mix which was better than forecast and improved margins generally," said the letter.

Elsewhere in the group, forecasts for the sweet manufacturing and Zodiac toy retailing divisions' profits were unchanged at £725,000 and £775,000 pre-tax respectively.

"The partial offer fails to take into account either Maynards' future prospects or its strong asset backing," said Mr Ramsdale.

Mr Cartier announced his bid for 51.8 per cent of the ordinary equity and all of the preference shares last month. The terms of the offer, which expires next Friday, are 250p cash for each ordinary share and 100p for the preference. Maynards estimates net assets stand at 307p per ordinary share.

Last Monday, Mr Cartier offered to raise his offer to 260p per share so long as the Maynards board recommended it to the shareholders, but this was still felt to be inadequate.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Dalgety, Impala Platinum, Manganese Bronze, Murray Caledonian Investment Trust, Press Tools.

Finals: Canadian Pacific Enterprises, Habit Precision Engineering, Manchester Ship Canal, Murray Western Investment Trust, Nottingham Manufacturing.

FUTURE DATES

Interims:
Continental Microwave .... Feb 27
Ramar Textiles .... Feb 23
TR City of London Trust .... Feb 15

Finals:
AGA Aktiebolag .... Mar 27
New Darien Oil Trust .... Mar 2
Renown Inc .... Feb 23
River and Mercantile Trust .... Feb 16
River Plate and Gen Inv Tst .... Feb 16

Consortium plans £45m offer for Prestige

A CONSORTIUM bid by institutions and management is being planned for Prestige, the houseware manufacturer which is 73 per cent owned by American Home Products (AHP) of the U.S.

The bidders are being advised by Barclays Merchant Bank and stockbrokers Phillips & Drew. An announcement is expected within the next few days, and there is speculation that a £45m offer will be made.

Last October, AHP said that its housewares operation may not meet th group's standards for growth over the long term and that it had instructed Merrill Lynch to investigate the best method of disposing of its stake in Prestige.

Earlier this month, Prestige announced a 23.5 per cent increase in pre-tax profits to £6.74m on turnover up by £7.14m to £62.97m for the year to December 1983. Profits have, however, been broadly static since 1978, when they were £6.72m.

In the past year, Prestige has strengthened its management and appointed a new chairman, Mr Paul van Zuydam, who succeeded Mr David Lawman on his retirement.

GrandMet expanding electronics side with purchase of Almarc

Grand Metropolitan, the brewing, hotels and leisure group, has sanctioned expansion of its small electronics business in the first of what could be a series of acquisitions.

High Technology Electronics, a Southampton-based company making electronic sub-units for use in office and factory control systems, has acquired the business of Almarc Data Systems, a Nottingham computer manufacturer and importer. The assets being acquired are worth just under £500,000.

HTE employs 70 and expects to achieve turnover of about £3.5m in the year ending September, excluding any contribution from Almarc Almarc had turnover of £1.3m in 1983 and employed 25 before it went into receivership. HTE will take on 15 Almarc staff initially.

Mr John Travers Clarke, a director of GrandMet, said: "When we bought HTE three years ago it was with a view to getting into new ventures. Some of our main businesses are mature and we would like to have interests in some 'sun-rise' activities.

"We thought we would try something different and if it was particularly successful we would take it further. This is what we have now done with HTE."

GrandMet has also begun a small biotechnology operation and is looking at specialist enzyme applications. Set against group turnover of £4.47bn in the year to September 30, 1983, these activities are small.

Mr Tim Roberts, 33, the founder and managing director of HTE, said: "We are looking for organic growth but will also be going out with a shopping list of acquisitions in the electronics and high-technology field."

Assets growth at Second Alliance

The net asset value of Second Alliance Trust, after deducting prior charges at par, rose to 593.9p at January 31 1984, the half year stage, compared with 485.4p the previous year and 550.2p at July 31, 1983.

The interim dividend is lifted from 2.75p net to 3.25p and the directors intend, at the least, to maintain last year's final payment of 8p. Estimated earnings on ordinary stock for the current year to July 31, 1984 are 12.2p, against 11.01p.

Gross income in the first half, before interest and expenses, was up at £1.99m (£1.76m). Net income available to shareholders totalled £1.06m (£940,000) and earnings per 25p ordinary share were 5.55p (4.9p).

Conglomerates put under fire by Noble Grossart

BY MARK MEREDITH IN EDINBURGH

MR ANGUS GROSSART, managing director of the Edinburgh-based merchant bank Noble Grossart, has warned against the recent trend of developing financial conglomerates.

Mr Grossart's comments, in his bank's annual report, pointed to the problems of dealing with the breadth of talent in cases where merchant banks had taken a stake in jobbing and stockbroking firms.

"A few, who have large retail bases, may prove able to operate successfully within that philosophy, but many who preach it have little choice but to adopt that objective for they are caught on the treadmill of size," he wrote.

A lesson could be learned from the generally unfavourable outcome of conglomeration during the last 20 years.

In the financial sector there is the added and difficult requirement of successfully managing talented people. That ability is not more easily achieved as a function of scale by those who are concentrating on the assembly of a large package of disparate activities.

"It is likely that as this process progresses it will throw out disillusioned talent who may recognise the attractions of working in a more creative and sympathetic environment. We are alert of that opportunity," Mr Grossart concluded.

Excalibur

Pre-tax losses of Excalibur Jewellery were cut from £214,361 to £34,418 in the six months to October 31 1984 on turnover up from £2.07m to £2.53m.

After a tax credit of £40,289 (nil) the loss per 5p share is stated at 0.45p (1.62p) and there is again no interim dividend. Last year a final payment of 0.05p net was made when the full year's loss totalled £281,157 (£666,819).

Channel Isle. & Intl.

Net revenue at Channel Islands and International Investment Trust rose from £382,393 to £432,301 in 1983. Net assets were 506.1p, compared with 377.1p, per £1 capital share. The tax charge was £86,478 against £76,483 and the dividend is increased by 4p to 44p gross.

Castle Mona

Castle Mona Hotels has gone into receivership. It will carry on business while its affairs are assessed with a view to a sale as a going concern.

Lovell producing more at lower costs to hold growth

Y. J. Lovell has been able to maintain its corporate growth, despite a fall in demand, by producing more at lower costs, says Mr Normand Wakefield, the chairman, in his annual statement.

While he believes that the company has the resources to continue this process, he points out that in the longer term the ability of Government policies to create—or restore—confidence in the country at large will be the critical factor.

Over the past two years the company has strengthened weaker parts of the business and eliminated losses. And, he says, the advance in 1982-83 profits from £3.75m to £4.56m (already reported) reflects a continuing policy of diversification.

The directors remain confident for the future, and Mr Wakefield states that the current year has started well for Lovell.

He says that the company has a "reasonably satisfactory" order book and a substantial stock of housing land bought, in the main, before the recent high price increases. And, he adds, given trading circumstances no worse than at present, 1984 should not give cause for disappointment.

As at September 30, 1983, fixed assets were £24.13m (£22.97m); net current assets £19.54m (£14.28m); shareholders funds £35.92m (£33.51m); decrease in net funds £8.28m (increase £4.32m).

The annual meeting will be held at the Tower Hotel, London, E, on March 13, at 11.30 am.

LPA to join the USM

BY ALISON HOGAN

LPA Industries, which manufactures and markets industrial electrical accessories, is coming to the Unlisted Securities Market by way of an introduction by brokers Greene and Co.

The board has decided that with over 200 shareholders it needs a broader market for its shares than is permissible under Rule 163(2) of the Stock Exchange, where 55 per cent of its issued share capital was placed in 1967.

The board also feels that the quotation will facilitate future expansion by acquisition when the opportunity arises.

LPA Industries has 5.44m shares in terms of which around 22 per cent is held by directors and a further 34 per cent in the hands of shareholders with stakes of over 5 per cent.

Pre-tax profits increased by 46 per cent to £725,000 in the year to September 1983 and turnover rose 14 per cent to £4.82m. The directors propose to pay an interim dividend of 1.05p net and a final dividend of 1.4p which on an expected opening price of 108p gives a yield of 3.2 per cent.

FINANCIAL TIMES STOCK INDICES

	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 3	1983/84 High	1983/84 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	82.49	82.57	82.57	82.56	82.72	83.21	83.77	77.00	127.4	49.18
Fixed Interest	87.13	87.15	87.15	87.22	87.29	87.26	87.47	79.03	150.4	50.53
Industrial Ord	806.4	801.3	806.0	799.7	815.5	832.4	840.5	598.4	840.5	49.4
Gold Mines	595.5	596.9	604.7	583.7	579.2	597.7	734.7	444.6	734.7	43.5
FT-Act. All-Share	481.97	481.26	486.24	483.75	492.68	500.48	504.73	382.22	504.73	61.92

BIDS AND DEALS IN BRIEF

Frenger Holdings is purchasing the capital of Frenger Troughton from Haden. New capital of £500,000 has been raised from a consortium of business expansion scheme funds and private clients, as well as from Mr Ian Smith, managing director of Frenger Troughton, and Mr Roy Hunter, financial controller, who together will own 25 per cent of the company.

* * *

Birmingham Mint has acquired the share capital of United Presswork together with the freehold property, plant and machinery, from Turner Bros (Birmingham), for about £325,000 Birmingham Mint is also assuming responsibility for loans repayable to Turner Bros of approximately £200,000.

* * *

The PA Consulting Group and the LEK Partnership have established a new partnership—PA Strategy Partners — to provide corporate strategy consulting services, initially to leading British and other European companies.

Both companies will now conduct their existing and new corporate strategy assignments under the auspices of PA Strategy Partners, to be headquartered at 8 St. James's Square, London SW.

* * *

Brammer is selling its 90 per cent holding in Hi-Fi Care (Retailing) to Choicehaven, a company held by Hi-Fi's joint managing directors. The consideration for the sale is £243,000. A payment of £193,000 will be made on completion of the deal and the remainder will be paid on April 2. Proceeds will increase Brammer's working capital.

* * *

The Tarmac Roadstone offers for Francis Parker have now become unconditional in all respects and remain open until further notice.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or —	Net Div.	Times Covered	Gross Yield	P/E Ratio
‡58	F.P.	9/3	80	70	Assoc. EnergySer.5p	70	.....	b1.0	3.9	2.0	14.5
¶435	F.P.	10/2	458	393	Brit. Petroleum	423	.....	20.25	1.9	7.1	11.8
¶93	F.P.	—	200	180	CML Mic's'tem s 10p	200	+17	b1.4	5.4	1.0	42.6
¶875	100	2/3	143	96	Cable & Wireless 50p	140	+9	h5.47	3.6	5.6	6.1
‖	F.P.	—	95	88	Circaprint Hldgs 10p	90	.....	u0.7	7.7	1.1	12.6
‖	F.P.	—	255	210	Gibbs Mew	210	.....	4.65	1.6	3.2	27.4
¶91	F.P.	24/2	98	94	GrosvenorSq.Pp.10p	97	.....	b5.0	2.3	7.4	7.2
§195	F.P.	25/1	240	215	Moray F.Malt'gs 50p	225	+2	b7.0	2.7	4.4	9.2
100	F.P.	27/1	96	85	Synterials 10p	85	—1	—	—	—	—
§105	F.P.	—	114	108	Unibond	108	.....	b2.6	2.2	3.7	17.5
¶130	F.P.	17/2	177	151	V G Instruments 10p	166	.....	b1.4	5.6	1.2	21.5
§110	F.P.	2/3	166	140	Valin Pollen Int'l. 5p	155	.....	1.6	3.1	1.6	31.6
§10	F.P.	31/1	19	16	Welpac 10p	16½	—1	bg0.2	4.1	1.7	17.8

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or —
•	F.P.	—	135	120	Allied Textile 10% Cnv. Uns. Ln. 1997	128	+5
¶	F.P.	—	106	105½	Atlanta Inv.Tst. 7% Cnv. Red. Cum. Prf.	105½	.....
¶	F.P.	—	102¼	101	BAT Inds. 12¼% Uns. Ln. 2003/08	101½	.....
¶	F.P.	—	99¾	98⅛	Do. Fltg. Rate Cap. Nts. 1986/90	99¾	.....
99.16	£25	22/3	27	24¾	Elf (U.K.) 12¼% Uns. Ln. '91	27	+⅛
93.714	£30	26/4	33⅜	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	32⅛	+⅛
100	F.P.	—	100½	99	Kensington & Chelsea 11.15% Red. 2006	100¼	+½
‖	£50	10/11	48	30½	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II.	42	—1
93.711	£25	16/6	25½	24½	MEPC 10¾pc 1st. Mort. Deb. 2024	24⅝	.....
—	F.P.	—	100⅛	100	Nationwide 10¼% Bds. 28/1/85	100⅛	.....
§97.80	£25	—	35⅝	25½	Province de Quebec 12¼% Ln. 2020	35⅜	.....
99.44	£25	13/4	27½	25¼	Queens Moat 12% 1st Mort. Deb. 2013	27	.....
100	F.P.	—	99½	98¼	Rochdale Met. Bor. 11.10% Red. 2006	99⅞x	.....
¶	F.P.	30/3	102½	101⅜	Slough Ests. 12⅝% Uns. Ln. 2009	102	+¼
99.893	£30	21/3	32⅛	29¾	Spain 12% Ln. 1988	32⅛	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or —
300	Nil	17/2	436	400	Carlton Communications 5p	410	—5
R28.20	Nil	17/2	408	160	East Dagga Linked Units	370	—10
160	F.P.	3/2	208	196	Ellis & Everard	202	.....
32	F.P.	24/2	47	35	Herman Smith 10p	45	.....
32	F.P.	6/2	39	34½	Jones (Edward) 10p.	35	.....
30	F.P.	9/3	58	45	Moggitt 5p	47	.....
350	Nil	—	44pm	30pm	Sketchley	34pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Re-introduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✱ Unlisted Securities Market. § Placing price.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Armstrng Equip	Mar 23	Interim 0.35	Marley	Feb 23	Final 1.5
Ault and Wiborg	Mar 4	Final 0.5	*Midland Bank	Mar 8	Final 17.5
BCA	Mar 17	Interim 2.0	Mills and Allen Int.	Mar 14	Interim 4.0
*BICC	Mar 21	Final 7.04	Mitchell Cotts	Mar 3	Interim 1.5
BL	Mar 18	Final nil	*NatWest	Mar 6	Final 18.4
BP	Mar 17	Final 14.0	News Ind	Mar 3	Interim 3.499
*BPM	Feb 23	Interim 1.581	*Nottingham Manufctg	Feb 13	Final 3.9
BTR	Mar 16	Final 5.25	Ocean Transport	Mar 23	Final 2.35
*Barclays Bank	Mar 5	Final 11.0	Paterson Zochonis	Mar 22	Interim 1.33
*Barratt Develpts	Mar 13	Interim 4.2	Peachey Prop	Mar 22	Interim 2.25
*Bath and Portland	Feb 22	Final 3.5	Pritchard Services	Mar 24	Final 2.1
Bejam	Mar 17	Interim 1.5	Provident Financial	Mar 8	Final 5.58
Bell (A.)	Mar 23	Interim 2.0	Prudential	Mar 23	Final 10.0
Bibby (J.)	Mar 10	Final 5.15	Ransomes Sims and Jefferies	Mar 9	Final 8.86
*Bio-Isolates	Feb 14	Final nil	Rentokil	Mar 17	Final 2.05
*Birmid Qualcast	Feb 15	Final 0.9	Rowntree Mackintosh	Mar 16	Final 5.9
Boddingtons' Brews	Mar 10	Final 2.25	Royal Dutch Petroleum	Mar 10	Final Fl 4.65
Brent Chems Intnl	Mar 22	Final 1.9	*Royal Insce	Mar 1	Final 16.5
British Vita	Mar 8	Final 2.7	Saga Hols	Mar 24	Interim 1.2
Britoil	Mar 16	Final 3.75	*Securicor	Feb 15	Final 1.23
Brooke Bond	Mar 15	Interim 1.25	Sedgwick	Mar 10	Final 4.5
Burton	Mar 22	Interim 3.1	Shell Transport	Mar 10	Final 12.6
Cadbury Schweppes	Mar 10	Final 3.5	Sime Darby	Mar 5	Interim 4 sen
Cement Roadstone	Mar 15	Final 3.56	Slough Ests	Mar 23	Final 2.075
*Comm Union	Feb 28	Final 6.95	Smith and Nephew	Mar 22	Final 2.8
Cons Gold Fields	Mar 9	Interim 8.5	*Smith (W. H.)	Feb 15	Interim due
Cons Plants	Mar 5	Interim 5 sen	Standard Chartered Bk	Mar 22	Final 17.8
*Dalgety	Feb 13	Interim 11.0	*Stand Telephone and Cables	Feb 20	Final 4.0
De Beers	Mar 15	Final 25c	Steetley	Mar 17	Final 3.0
Eastern Produce	Mar 14	Final 3.5	*TI	Mar 15	Final 5.0
Fisons	Mar 1	Final 7.5	Telefusion	Feb 24	Interim 0.82
*Fleet Hldgs	Feb 14	Interim 0.75	Transport Develpmt	Mar 14	Final 3.0
*General Accident	Feb 29	Final 9.5	Tricentrol	Mar 24	Final 5.6
General Mining	Mar 10	Final 120c	*Turner and Newall	Mar 21	Final nil
Grindlays	Mar 1	Final 4.464	Ultramar	Mar 10	Final 9.5
GKN	Mar 17	Final 4.0	Unilever	Mar 1	Final 18.87
Harris Queensway	Mar 25	Final 4.0	Unilever NV	Mar 1	Final Fl 14.56
Hepworth Ceramic	Mar 24	Final 3.35	*Utd Biscuits	Mar 15	Final 3.56
*HK Shanghai Bank	Mar 13	Final HK$0.37	United Newspapers	Mar 23	Final 3.55
Hoover	Feb 17	Final nil	*Vickers	Feb 27	Final 7.5
Horizon Travel	Mar 17	Final 2.8	Willis Faber	Mar 22	Final 12.5
*ICI	Feb 23	Final 10.0	Wolseley-Hughes	Mar 16	Interim 5.08
Laing Props	Mar 23	Final 3.0			
Lex Service	Mar 25	Final 5.0			
*Lloyds Bank	Mar 9	Final 14.66			
Lasmo	Mar 10	Final 6.5			
*Marchwiel	Feb 22	Final 4.8			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Granville & Co. Limited

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Over-the-Counter Market

Capitalisatn. £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
5,586	Ass. Brit. Ind. Ord.	125	—	6.4	5.1	7.3	8.5
—	Ass. Brit. Ind. CULS	139	—	10.0	7.3	—	—
4,283	Airsprung Group	74	—1	6.1	8.2	21.1	21.1
650	Armitage & Rhodes	26	—1	—	—	—	—
39,272	Bardon Hill	315	+7	7.2	2.3	12.9	26.1
3,190	Bray Technologies	58	+1	2.7	4.7	10.5	11.4
2,527	CCL Ordinary	197	—	5.0	2.5	4.5	6.3
—	CCL 11pc Conv. Pref.	147	—	15.7	10.7	—	—
2,037	Carborundum Abrasives	340	+45	5.7	1.7	—	—
1,628	Cindico Group	103	—	17.6	17.0	—	—
3,987	Deborah Services	51	—	6.0	11.8	27.3	44.3
12,867	Frank Horsell	198	—	—	—	8.2	13.7
—	Frank Horsell Pr Ord 87	185	—	8.7	4.7	7.7	12.8
5,200	Frederick Parker	36	—	7.1	19.7	2.3	3.6
846	George Blair	35	+1	—	—	—	—
1,850	Ind. Precision Castings	48	+2	7.3	15.2	13.3	16.6
5,866	Isis Conv. Pref.	244	—2	17.1	7.0	—	—
5,971	Jackson Group	118	—1	4.5	3.8	6.2	12.1
33,124	James Burrough	240	—2	11.4	4.8	13.3	13.6
8,045	Minihouse Holding NV	335	—7	4.0	1.2	25.2	30.7
1,375	Robert Jenkins	110	—	20.0	18.2	12.8	8.6
3,000	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
1,586	Torday & Carlisle	65	—2	2.9	4.5	—	—
1,880	Travian Holdings	437	—3	—	—	8.9	8.1
2,826	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
11,219	Walter Alexander	88	+2	6.8	7.7	7.7	10.2
5,508	W. S. Yeates	236	—3	17.1	7.2	3.7	7.5

Closing prices February 10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19	9½	AAR	.44	2.3	22	637	u19⅝	18⅝	19¼	−⅛
52⅞	30½	ACF	1.40	3.3	21	726	42¼	40½	42¼	+1½
22	18⅛	AMCA	n			10	18⅝	18⅝	18⅝	
18⅞	14⅝	AMF	.50	3.3		825	15⅛	14⅞	15	+⅛
50⅞	50	AMF	pf 5.90	12		56	50⅛	50¼	50¼	
41¼	20⅛	AMR Cp			14	4077	31½	31	31	
20⅞	16⅝	AMR	pf2.18	11		34	19⅝	19⅝	19⅝	−⅛
41½	24⅞	AMR	pf2.13	5.5		174	33¼	32½	32½	−½
26¼	23⅞	ANR	pf2.67	11		6	24⅝	24⅝	24⅝	+⅛
23⅞	20	ANR	pf2.12	10		20	21⅛	21⅛	21⅛	+⅛
18¼	3½	APL			17	37	11⅝	11⅝	11⅝	
55¼	34⅝	ARA	2.05	4.4	10	45	47¼	46½	47	+¼
77¼	50¼	ASA	3a	5.1		232	59⅛	58⅝	58⅞	+⅛
33⅞	14⅝	AVX	s .32	1.5	22	359	22⅛	21⅝	22	
53⅝	35⅞	AbtLab	1	2.2	16	1381	44⅝	44⅛	44½	+⅛
30¼	23½	AccoW	n .60	2.3	18	195	26⅝	25⅞	26⅛	+⅞
27½	17½	AcmeC	.40	1.7		407	23⅞	22⅞	23½	+1
14⅞	9½	AcmeE	.32b	2.8	73	18	11⅝	11⅝	11⅝	−⅛
24⅞	8⅞	AdmDg	.04	.3	10	24	13¼	13	13⅛	−⅛
18⅝	15⅞	AdaEx	2.11e	13		49	16⅝	15⅞	16⅛	
19⅞	7⅞	AdmMl	.28	1.7	8	128	16½	16¼	16¼	+⅛
18⅝	8⅞	Advest	.12	1.2	9	153	9⅞	9⅝	9⅝	−⅛
37½	15½	AMD	s		32	6613	27½	25⅞	26⅛	−⅝
24⅞	13⅞	Aeflx	s		14	321	13⅞	13⅝	13⅝	
43½	33	AetnLf	2.64	7.4	9	2990	35⅞	35½	35⅝	
65	55¼	AetL	pf5.39e	9.6		702	57½	56⅝	56⅞	
40½	24	Ahmns	1.20	4.3	7	405	28⅛	27⅞	27⅞	−⅛
7⅞	3	Aileen				16	4	3⅞	4	
51	38¼	AirPrd	1	2.4	11	1195	42⅛	41½	41⅞	−⅛
30⅞	18⅝	AirbFrt	.60	2.8	13	x392	21¼	20⅞	21¼	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B-B-B

[illegible]

C-C-C

[illegible]

D-D-D

[illegible]

E-E-E

[illegible]

F-F-F

[illegible]

G-G-G

[illegible]

H-H-H

[illegible]

I-I-I

[illegible]

J-J-J

[illegible]

K-K-K

[illegible]

L-L-L

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M-M-M

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N-N-N

[illegible]

O-O-O

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P-Q

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Continued on Page 25

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices February 10

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq National Market closing prices

Closing prices February 10

NEW YORK CLOSING PRICES

Continued from Page 25

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

Continued on Page 27

CANADA

1983-84 High	Low	Stock	Feb. 10
30⅝	18⅞	AMCA Intl.	22⅛
27½	18¼	Abitibi	25¾
20⅞	14⅝	Agnico Eagle	17⅜
21	17½	Alberta Energy	18¼
50¼	33⅛	Alcan Aluminium	41⅝
37½	24¾	Algoma Steel	28½
13⅝	9½	Asbestos	9⅝
33⅝	25	Bank Montreal	26½
15⅝	10⅝	Bank NovaScotia	14⅝
33⅞	22½	Bell Canada	31½
19½	15¼	Bombardier	18
29¾	16⅞	Bow Valley	23¼
27	20	BP Canada Res.	23¼
41¾	19⅝	Brascan A	37⅝
4.20	2.15	Brinco	2.35
14½	8¼	B.C. Forest	12⅝
35⅝	23⅛	CIL Inc	30½
11¼	8	CadillacFairview	10½
41½	26	Campbell Red Lk	32⅝
18⅛	12¼	Can. Cement Pf.	15
33¼	22½	Can. NW Energy	31⅞
30	16½	Can. Packers	28¾
50	30½	Can. Trustco	47¾
42	29⅛	Can.Imp.Bank	30⅝
55¼	35⅞	Can. Pacific	46⅛
25¾	18	Can. Pac. Ents.	22⅝
13¾	10⅞	Can. Tire A	12
24¾	11⅝	Carling O'Kfe.	19⅝
19⅞	14	Chieftain	16½
64⅝	44¾	Cominco	57¼
29	16	Cons. Bathst. A	26⅝

ITALY

1983/84 High	Low	Feb. 10	Price Lire
39,500	25,600	Banca Com'le	36,000
253	124.4	Bastogi IRBS	160
2,590	1,040	Centrale	1,630
6,167	3,699	Credito Varesino	4,701
4,175	1,635	Fiat	4,090
77	33.2	Finsider	43.2
39,300	26,031	Generali Assicur	37,300
4,480	1,920	Invest	3,310
49,000	27,600	Italcementi	47,980
248.4	99	Montedison	222.2
5,550	1,901	Olivetti	4,150
3,315	2,315	Pirelli Co.	3,095
1,859	1,173	Pirelli Spa	1,798
1,639	671	Snia BPD	1,600
14,600	9,970	Toro Assic.	13,100
11,510	6,950	do. Pref	10,300

NETHERLANDS

1983/84 High	Low	Feb. 10	Price Fls
215	98	ACF Holding	189
146	62.5	Aegon	130
236	123	Ahold	214
123.2	34.9	AKZO	106
445	293.0	ABN	410
185	100.0	AMEV	185
82	41.9	AMRO	74
222	143.5	Bredero Cert	198
52.5	29.0	Bos Kalis Westm.	47.2
75	30.5	Buehrmann-Tet.	65
41.5	27.1	Calland Hldgs	37.8
69	33.0	Credit Lyon's Bk	59.1
592	190.0	Elsevier-NDU nv.	510
176.3	115.2	Gist.-Brocades	150
149	61.0	Heineken	144.5
60.9	14.3	Hoogovens	49.7
29.1	11.0	Hunter Douglas	25.2
44.8	17.7	Int Mueller	36.6
232.6	137	KLM	180.5
50	24	Naarden	40.6
248.5	122.9	Nat Ned Cert	220
40	24.5	Ned Cred Bank	38.9
198	93	Ned Mid Bank	170
130	86.1	Nedlloyd	121
265.5	168.5	Oce Grinten	237
34.5	18.4	Ommeren (Van)	31.8
77	40.3	Pakhoed	67
85.1	27.7	Philips	43.2
15.2	3.2	Rijn-Schelde	4.6
350	244.0	Robeco	389
134.2	123.2	Rodamco	131.9
336.8	226.5	Rolinco	312
205	181.0	Rorento	202.6
165	92.2	Royal Dutch	146
278.4	189.0	Unilever	246.3
120	60	VMF Stork	99
169.5	60.2	VNU	147
140.5	85.5	West Utr Bank	122

NORWAY

1983/84 High	Low	Feb. 10	Price Kroner
167	101.5	Bergens Bank	157.5
242.5	85	Borregaard	242.5
165	113.5	Christiania Bk.	164
175.5	117	Den Norsk Credit	162
160	37.5	Elkem	155.5
316	105	Norsk Data	267
592	272.5	Norsk Hydro	552.5
212.5	127.5	Storebrand	202.5

AUSTRALIA

FRANCE

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

HONG KONG

1983/84 High	Low	Feb. 10	Price H.K.$
33.25	15.5	Bank East Asia	24.1
10.9	5.7	Cheung Kong	6.35
17.0	9.9	China Light	13
3.30	1.27	Hang Lung Devel.	2.3
64.5	28.9	Hang Seng Bank	44.25
6.60	4.4	HK Electric	6.4
4.70	2.47	HK Kowloon Wh.	4.28
5.00	2.25	HK Land	3.7
9.0	2.4	HK Shanghai Bk.	8.45
46	28.5	HK Telephone	44.5
18.2	8.00	Hutchison Wpa	16.6
16.2	7.8	Jardine Math	12.7
3.90	2.00	New World Dev.	3.50
3.0	2.22	Orient O'seas	2.7
5.1	2.5	O'seas Trust Bk.	3.42
7.45	4.05	SHK Props	6.7
18.8	8.15	Swire Pac A	17.3
4.10	2.32	Wheel'k Mard A.	3.7
2.40	1.55	Wheel'k Maritime	1.85
2.25	1.12	World Int. Hldgs.	2.1

JAPAN

1983/84 High	Low	Feb. 10	Price Yen
1,170	805	Ajinomoto	1,020
2,840	1,610	Alps Electric	2,570
1,210	915	Amada	1,140

SINGAPORE

SWEDEN

GERMANY

SWITZERLAND

SOUTH AFRICA

SPAIN

INSURANCE

Life companies at heart of portable pensions debate

BY ERIC SHORT

LIFE COMPANIES are at the heart of the debate on whether employees should be allowed to opt out of their company's pension scheme and the state earnings-related scheme and make portable pension arrangements.

Life companies provide final salary company pension schemes and money purchase individual pension contracts, so their personnel know at first hand the advantages and drawbacks of each type of arrangement, in the design and investment of the schemes and in the marketing.

They are better placed than most in the pension movement to discuss the practicalities of introducing a system of personalised pensions which will integrate with rather than disrupt the company/state pension framework.

The government inquiry into portable pensions, chaired by Mr Norman Fowler, Secretary for Social Services, has received written evidence from more than 1,500 sources, including individual submissions as well as submissions from professional and trade associations and companies.

The vested interests of the various parties are having a considerable influence on the evidence being submitted, which shows a lack of preparation.

However, this is not entirely the fault of the participants making the submission. The inquiry is being rushed through very hastily.

Mr Fowler only announced its formation on December 16, 1983, with written evidence to be submitted by January 31 1984. Mr Fowler intends to have his report ready by the spring.

The submissions show all signs of being prepared without due thought to the implications of portable pensions simply because there has not been sufficient time for preparations. One may question the wisdom of taking hasty decisions on a subject that could be of vital importance to the future of pension provision.

The submission from Legal and General Group, published last week, is in stark contrast to most other evidence in that it has gone much more deeply into the subject.

The company is Britain's biggest pensions organisation, but is also strong in personalised pensions—self-employed, executive and additional voluntary contributions schemes.

The inquiry has never defined personal portable pensions, but it is clear from Mr Fowler's original statement that he wants to find out whether a personalised pension approach will meet better the pension needs of individuals in the 1980s and whether the introduction of personal pensions would mean the end of company-based schemes.

On the first subject, Legal and General supports the contention that portable pensions would give employees a greater sense of involvement in their pension arrangements, but it questions whether the majority of individual employees would welcome or benefit from the extra work and responsibilities involved in handling personal pensions.

The evidence cites Legal and General's marketing experience in advising individuals over a wide range of savings, pensions and financial planning problems. Most self-employed people who have personal pension arrangements, do not want to get involved in detail and will accept what is recommended virtually without question.

On the second subject, Legal and General foresees a danger that the employers' motivation to maintain the existing company final salary pension scheme would be undermined by undue encouragement of personal pensions.

In particular, it is considered that the introduction of personal pensions would require a change in the method of calculating the National Insurance contribution rebate given to contracted-out schemes from the present flat-rate method to one varying with the age and sex of individual employees.

No other evidence seen so far has gone into such depths on this very practical consideration. The conclusion of Legal and General's evidence is that there would be regrettable social consequences if personal portable pensions were brought in and designed to replace existing final salary schemes.

However, it fully supports the introduction of personal portable pensions as a supplement to existing pension arrangements which will broaden the choice of methods available.

It considers that personal pensions could co-exist with final salary schemes provided that the take-up is left entirely to voluntary action by employers and employees.

Legal and General considers that with this freedom of choice market forces would do the rest. Groups of employees for whom personal pensions arrangements offer advantages over other means of pension provision would soon take up the offer as a result of these market forces. Most life companies would agree with this conclusion of Legal and General.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
International Men's and Boys' Wear Exhibition—IMBEX (021-705 6707) (until Feb 15) Olympia

Feb 14-15
Computer Seminar and Exhibition (01-839 4901) Press Centre, EC4

Feb 21-22
London Co-op Trade Fair and Conference (01-403 0300) Kensington Town Hall

Feb 21-24
Information Technology and Office Automation Exhibition and Conference—INFO (01-647 1001) Barbican

Feb 22-23
Mail and Distribution '84 (Hoddesdon (0992) 469556) Cunard International Hotel, W6

Feb 22-24
Equipment and Services Exhibition for Golf in Europe—INTERGOLF EUROPE (Arundel (0903) 883381) Brighton

Feb 29-March 2
Fleet News Motor Show (Peterborough (0733) 63100) Wembley

March 4-6
International Automotive Parts and Accessories Trade Show—AUTOPARTAC (High Wycombe (0494) 41548) Barbican

March 6-9
Oceanology International Exhibition and Conference (01-549 5831) Brighton

March 7-April 1
Daily Mail Ideal Home Exhibition (01-222 9341) Earls Court

March 12-16
International Rubber Exhibition and Conference—RUBBEREX (01-688 7788) NEC, Birmingham

March 13-15
Computer Trade Show (01-643 8040) Wembley

March 13-16
London Fashion Fair (01-385 1200) Olympia

March 21-23
Fashion Fabrex (01-379 5568) Olympia

BUSINESS AND MANAGEMENT CONFERENCES

Feb 15
Chatham House: Natural gas supply in western Europe (01-930 2233) 10 St James's Square, SW1

Feb 17
ICMA: Accounting provisions of the Companies Act (01-637 2311) Washington Hotel, W1

Feb 22
City Business Conferences: UK taxation and accounting treatment of foreign exchange (01-727 5120) Portman Close, W1

Feb 22
Netherlands-British Chamber of Commerce: Dutch delta technology, new developments (01-405 1358) Institute of Directors, SW1

Feb 22
Riba: Dealing with claims under building contracts (01-637 8991) 66 Portland Place, W1

Feb 23
Henley Centre: Freight transport—key issues and forecasts (01-353 9961) Hyde Park Hotel, SW1

Feb 27-28
FT Conference: The City and Europe—a 10-year appraisal (01-621 1355) Dorchester Hotel, W1

Feb 28-29
FT Conference: Cable television and satellite broadcasting (01-621 1355) InterContinental Hotel, W1

March 2
Cable and Satellite Europe: The Cable and Broadcasting Bill 1984, legal results and practical implications (01-352 1132) Royal Garden Hotel, W8

March 5-9
RRG: Effective insurance marketing (01-236 2175) Royal Horseguards Hotel, SW1

March 6
KAE Developments: Business development conference, "What really succeeds in practice?" (01-379 8118) Barbican, EC2

March 6-7
FT Conference: The Euromarkets in 1984 (01-621 1355) InterContinental Hotel, W1

March 8-9
DIBC: International conference on bank training (01-788 1148) Royal Garden Hotel, W8

March 12-13
FT Conference: Pensions in 1984—a time for change (01-621 1355) Dorchester Hotel, W1

March 14
Institute of Credit Management: National Conference (Stamford (0780) 56777) London Hilton, W1

March 21
Chatham House: Korea—hard decisions facing a successful economy (01-930 2233) 10, St James's Square, SW1

March 27-28
FT Conference: The second automated manufacturing conference—tools for competition (01-621 1355) InterContinental Hotel, W1

March 28
ESC: Aquiring and funding a U.S. business (Uppingham (0572) 822711) Selfridge Hotel, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

STOCK MARKETS

OVER-THE-COUNTER

Nasdaq National Market

Continued from Page 26

Stock	Sales (Hnds)	High	Low	Last	Chng
TimeFib	290	9¼	9¼	9⅝	+⅛
Tprary t	535	9⅞	9⅝	9⅝	-⅛
Tocom	289	3	3	3	
TrakAu	38	13½	12¾	13¼	
TriadSy	42	14	14	14	
Tracty	61	12¼	11½	11⅝	-⅛
TBkGa s	144	27⅞	26½	26½	-⅛
TuckDr	17	9⅞	9⅝	9⅝	-⅛
TwnCty	17	5½	5¼	5⅜	+⅛
U-U					
UTL s	385	15	14¼	15	+⅛
Ultrsy s	1529	14	13¼	13⅝	+⅛
Ungmn	123	12	11¼	11½	
Unifi s	54	16¼	15½	16	-⅛
UnPlnrs	19	19	18¼	18⅛	+⅛
UACm s	488	20⅝	19⅝	20⅛	+⅛
UBCalo	106	18¼	17⅝	17⅞	-⅛
UnEdS	18	10	9¾	9⅞	-⅛
UFinGrp	139	7⅛	6⅞	6⅞	
UGrdn	47	7⅛	7	7⅛	
UnSvd	93	26⅛	25⅞	26⅛	+⅛
US Ant	80	4⅝	4½	4⅝	
US Bcp	509	23⅛	22⅝	22⅝	-⅛
US Hlt s	450	17½	16⅞	17⅛	+⅛
US Sh n	28	5⅞	5⅜	5½	
US Sur	869	13¼	12¾	13⅛	
US Tr s	63	38⅛	38	38¼	
UnTelev	84	13	12¾	13	+⅛
UVaBs	250	29⅞	29½	29¾	+⅛
UnvHlt	44	4⅝	4⅜	4⅜	
UnvHlt s	970	10¼	10	10⅛	-⅛
UnvFrs	140	14½	13⅞	13⅞	-⅛
UrgeC s	35	7¼	6⅞	7¼	+⅛
V-V					
VLI	574	14½	14¼	14⅛	
VLSI	180	12	11¾	11⅞	-⅛
ValFSL	21	10½	10½	10½	
ValNtl	793	24⅞	24⅝	24⅝	
Vanzel	159	20⅞	20⅛	20⅛	+⅛
VectorG	108	8⅞	7⅞	8	

Stock	Sales (Hnds)	High	Low	Last	Chng
Ventrex	170	9½	9	9¼	
Vesa	323	2⅞	2¾	2⅞	
Vicorp	432	16⅞	15⅞	16¼	+⅛
ViktTc	1390	1⅛	1⅛	1⅛	-⅛
Victren	261	6⅝	6	6⅝	+⅛
VideoCp	37	12	11⅞	11⅞	-⅛
Viking	94	12⅛	11⅝	12⅛	-⅛
ViaTech	261	14	13⅝	14	-⅛
Volvo s	103	22⅞	22	22⅛	-⅛
W-W					
WD40 s	112	20⅞	20	20	-⅛
WarTel	73	6⅝	6⅝	6⅝	-⅛
WshE	445	15⅝	15⅛	15⅛	+⅛
WFSL	105	28½	28	28½	-⅛
WMSB	38	12⅞	12⅝	12⅝	
Wavtk	44	151	10⅜	10	10¼
Webco	11	13½	13¼	13⅜	+⅛
WstCap	24	42⅞	42⅞	42½	-⅛
WmCrgl	918	8⅞	8	8⅝	-⅛
Wetra	564	16⅞	16⅝	16⅝	
Wicat	188	3¾	3⅝	3⅝	-⅛
WilAL	242	10⅝	10⅛	10⅛	
Wmsin	341	33¾	33¼	33¼	
WAL s	366	10⅛	9⅝	10	-⅛
Wmsin	23	11½	11¼	11⅛	
Wiscel	230	9¾	9	9⅝	+⅛
Wiserm	126	12⅞	11⅞	12⅜	+⅛
Wndrw s	409	8	7½	7⅝	-⅛
WonthCo	76	6⅝	6¼	6⅝	
Worner s	34	12⅞	11⅞	12	
Wood	101	13¾	13¼	13⅜	
Woodt s	345	42⅞	41⅞	42⅝	-⅛
Wrthg s	242	22⅞	22⅝	22¾	
Wyman	81	29	28	28½	-⅛
X-Y-Z					
Xebec s	206	14½	13⅞	14¼	+⅛
Xicor	2411	14	13⅝	13⅞	-⅛
YlowF s	107	30⅛	29¾	30	-⅛
ZenLab	15	15	14¾	14¾	
Ziegler	17	6⅝	6½	6⅝	
Zions	3	15¾	15½	15⅝	
Zondvo s	33	15½	15¼	15⅜	

Indices

NEW YORK

DOW JONES

	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 6	1983-84 High	1983-84 Low	Since Compil'n High	Since Compil'n Low
♦ Industr'ls	1160.70	1153.74	1156.30	1160.49	1174.51	1287.20 (29/11)	1027.04 (3/1/83)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	71.57	71.46	71.50	71.62	71.75	77.84 (5/5)	69.85 (3/8)	—	—
Transport	514.55	512.92	511.57	528.77	527.55	612.63 (19/1/84)	434.24 (5/1/83)	612.63 (19/1/84)	12.32 (8/7/32)
Utilities	127.17	128.86	129.44	130.57	131.25	140.79 (16/1/84)	119.51 (31/10)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	92,220	125,510	96,890	107,640	105,690	—	—	—	—

♦ Day's high 1167.92 (1167.29) low 1149.92 (1139.03)

	Feb. 3	Jan. 27	Jan. 20	Year ago (approx)
Industrial div. yield %	4.55	4.43	4.33	4.99

STANDARD AND POORS

	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 6	1983-84 High	1983-84 Low	Since Compil't'n High	Since Compil't'n Low
Industr'ls	178.82	174.55	175.01	178.88	177.48	194.84 (10/10)	154.95 (3/1/83)	194.84 (10/10/83)	3.62 (30/6/32)
Comp'site	156.30	154.42	155.85	158.74	158.08	172.65 (10/10)	138.34 (3/1/83)	172.65 (10/10/83)	4.40 (1/6/32)

	Feb. 8	Feb. 1	Jan. 25	Year ago (approx)
Industrial div. yield %	4.63	3.55	3.76	4.38
Industrial P/E ratio	12.64	13.28	13.49	11.35
Long Gov. Bond yield	11.62	11.57	11.54	11.09

N.Y.S.E. ALL COMMON

Feb. 10	Feb. 9	Feb. 8	Feb. 7	1983-84 High	1983-84 Low
90.07	89.72	90.09	91.66	99.63 (10/10)	80.92 (24/1/83)

Rises and Falls

	Feb. 10	Feb. 9	Feb. 8
Issues Traded	1,992	2,003	1,990
Rises	911	495	443
Falls	691	1,117	1,192
Unchanged	390	390	355
New Highs	4	4	5
New Lows	57	132	76

MONTREAL	Feb. 10	Feb. 9	Feb. 8	Feb. 7	1983-84 High	1983-84 Low
Industrial	429.50	417.08	417.45	421.41	468.96 (26/9)	381.18 (4/1/83)
Combined	404.69	402.18	402.67	406.33	441.25 (25/9)	358.12 (4/1/83)
TORONTO Composite	2410.5	2368.6	2395.5	2411.4	2598.3 (26/9)	1949.8 (4/1/83)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	1,823,300	109⅝	+⅛	Houston N-Gas	1,252,500	52⅛	-1
Pan Am Air	1,610,300	7½	+⅛	NthEst Utily	1,083,300	12⅞	-⅛
ATT	1,540,300	63⅝	-⅛	Merr'l Lynch	922,300	28	-⅛
ATT New	1,521,100	17	+⅛	Lilco	844,800	9⅞	-⅛
Gulf Oil	1,333,300	57	+⅛	Texaco	828,900	40⅛	+⅛

	Feb. 10	Feb. 9	Feb. 8	Feb. 7	1983/84 High	1983/84 Low
AUSTRALIA All Ord. (1/1/80)	745.4	742.9	749.2	752.1	787.9 (9/1/84)	487.8 (4/1/83)
Metals & Mnls. (1/1/80)	518.5	523.2	521.5	533.2	614.2 (5/8)	411.5 (4/1/83)
AUSTRIA Credit Aktien (2/1/62)	55.35	55.56	55.56	55.53	59.8 (5/8)	48.48 (15/2/83)
BELGIUM Belgian SE (31/12/63)	140.80	140.71	142.58	142.79	148.25 (1/2/84)	100.50 (4/1/83)
DENMARK Copenhagen SE (3/1/83)	211.12	215.10	214.84	219.73	225.21 (20/1/84)	100.00 (3/1/83)
FRANCE CAC General (31/12/82)	165.00	165.5	165.6	163.7	175.1 (23/1/84)	96.1 (3/1/83)
Ind Tendance (30/12/83)	106.30	106.1	107.3	106.8	114.7 (25/1/84)	99.8 (3/1/84)
GERMANY FAZ-Aktien (31/12/58)	351.54	352.90	361.80	359.55	372.94 (2/2/84)	241.88 (25/1/83)
Commerzbank (1/12/53)	1037.3	1038.5	1058.1	1062.4	1096.3 (2/2/84)	727.9 (25/1/83)
HONG KONG Hang Seng Bank(31/7/64)	1050.77	1060.06	1073.73	1085.40	1134.12 (6/2/84)	690.06 (4/10)
ITALY Banca Comm Ital. (1972)	216.57	217.50	218.06	213.25	229.57 (1/2/84)	160.45 (10/1/83)
JAPAN** Nikkei-Dow (16/5/49)	9959.9	10001.5	10029.5	10090.3	10235.7 (30/1/84)	7803.18 (25/1/83)
Tokyo SE New (4/1/68)	769.8	775.9	777.25	779.49	779.31 (2/2/84)	574.51 (25/1/83)
NETHERLANDS ANP-CBS General (1970)	158.7	158.7	163.7	162.2	178.9 (1/2/84)	100.1 (4/1/83)
ANP-CBS Indust (1970)	151.2	152.0	152.1	152.2	147.2 (1/2/84)	85.5 (4/1/83)
NORWAY Oslo SE (4/1/83)	298.65	298.35	243.16	257.49	247.85 (1/2/84)	99.01 (4/1/83)
SINGAPORE Straits Times (1966)	1060.20	1065.86	1071.51	1062.15	1071.51 (8/2/84)	772.29 (5/1/83)
SOUTH AFRICA Gold (1958)	881.8	865.1	919.8	887.5	1000.5 (1/2/83)	661.4 (1/11)
Industrial (1958)	972.7	972.5	970.1	966.4	1003.4 (8/1/84)	704.8 (3/1/83)
SPAIN Madrid SE (30/12/83)	111.86	110.66	109.22	109.37	111.88 (10/2/84)	100.00 (30/12/83)
SWEDEN Jacobson & P. (1/1/58)	1560.22	1562.66	1575.27	1575.57	1564.5 (3/2/84)	898.18 (3/1/83)
SWITZERLAND SwissBankCpn.(31/12/58)	365.8	362.7	368.4	364.4	386.7 (5/1/84)	294.4 (4/1/83)
WORLD Capital Intl. (1/1/70)	178.1	—	179.4	180.7	187.2 (20/1/84)	154.3 (3/1/83)

** Saturday February 4: Japan Nikkei-Dow 10,085.39. TSE 773.12.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

TRADE FAIRS

Current
International Commercial Motor Show (020 5411 411) (until Feb 18) Amsterdam

Current
International Exhibition of Household Goods, Crystalware, Ceramics, Silverware and Gifts—MACEF (01-242 7829) (until Feb 13) Milan

Current
International Ladies' Ready-to-Wear Exhibition (St Albans (0727) 33291) (until Feb 15) Paris

Current
Copenhagen International Boat Show (45.1.51.88 11) (until Feb 19) Copenhagen

Current
International Food Fair—ROKA (01-486 1951) (until Feb 16) Utrecht

Feb 21-24
Asian Petroleum Exhibition and Conference — OFFSHORE S.E. ASIA (01-486 1951) Singapore

Feb 28-March 2
Retail and Distributive Exhibition—RETAIL EUROPE (Hurst (0734) 345585) Amsterdam

March 1-10
Athens Boat Show (01-876 2700) Athens

March 12-15
International Electrical and Electronic Engineering Show—ELENEX (01-486 1951) Hong Kong

March 13-15
The Semicon/Europa Electronics Show (01-353-8807) Zurich

March 14-18
Scandinavian Travel and Tourism Exhibition (45.1.51.88.11) Copenhagen

CONTRACTS AND TENDERS

COMPANY NOTICES

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951
Amer. Gen. Inc.† 49.1 52.9xd 0.81
Do. Acc.† 49.2 53.0 0.81
Income* 84.7 92.6 4.98
Capital Inc.‡ 91.1 98.0 2.01
Do. Acc.‡ 114.4 123.1 2.01
Exempt† 194.0 209.0xd 4.37
Intl. Recovery Inc.‡ 38.8 41.8 2.03
Do. Acc.‡ 50.4 54.3 2.03
Dealing *Tues. ‡Wed. †Thur. Prices Feb 7/8/9.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4, Melville Cres., Edinburgh 3. 031-226 3492
Cres. American 59.6 64.3 -0.7 1.32
Cres. Capital 48.1 51.9 +0.2 1.69
Cres. Growth & Inc. 78.9 85.2 4.84
Cres. High. Dist. 67.5 72.8 +0.2 6.87
Cres. International 130.8 141.2 -0.3 0.97
Cres. Resources 26.8 28.9 0.60
Cres. Tokyo 91.3 98.6 0.25

L & C Unit Trust Management Ltd.
Piercy Hse, Copthall Av, EC2R 7BE 01-588 2800
L&C Inc. Fund 246.9 254.6xd -5.6 6.40
L&C Intl & Gen Fd 205.6 212.0xd -7.9 0.70

Lawson Fund Managers Ltd. (a) (c) (g)
43, Charlotte Sq, Edinburgh EH2. 031-225 6001
American Growth M — 50.0 1.8
Com. & Energy M — 50.8 3.0
Charlotte Square Tu 57.7 61.7 4.2
Penny Share W 15.1 16.3 1.8
Australian & Pac. Th 9.4 10.4 0.6
High Yield Income F 21.0 22.6xd 10.6
High Yield Accum F 22.6 24.6xd 10.6

Mercury Fund Managers Ltd.
30 Gresham St, EC2P 2EB. 01-600 4555 Ext 529
American Growth 61.1 65.6 -0.5 1.10
(Accum. Units) 61.6 66.2 -0.5 1.11
European Fund 48.2 51.8 -1.2 0.82
(Accum Units) 48.2 51.8 -1.2 0.82
General 128.4 138.0 +0.4 2.97
(Accum. Units) 197.4 212.2 +0.5 2.97
Gilt 77.9 78.6 +0.2 6.48
Inc & Recovery 97.0 104.3 +0.5 5.28
International 141.2 151.8 -0.5 1.30
(Accum. Units) 170.1 182.8 -0.7 1.30
Japan Fund 65.0 69.8xd -0.7 —
(Accum Uts) 65.4 70.3xd -0.6 —
Exempt Feb 8 130.3 135.7xd 2.89
(Accum Uts) Feb 8 190.0 197.9 2.89

Royal London Unit Tst Mgrs Ltd
72-80 Gatehouse Rd. Aylesbury. 0296 5941
Capital Accum Trust 111.3 119.7 +0.4 2.83
American Growth Tst 48.5 52.2xd -0.1 0.96
Income & Growth Tst 49.5 53.2xd +0.3 6.54
Special Situations Tst 51.3 55.2 +0.3 0.92

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044
Capital Fund 138.2 148.6 3.3
Income Fund 102.3 110.0xd 7.5
Prices on Jan 31. Next dealing day Feb 15.

SKG Management Limited
20 Copthall Ave EC2R 7JS 01-600 7595
Gilt — 50.0 —
Inc & Gth (Rnnnt) — 50.0 —

TR Special Ops 28.3 30.4xd 2.46

Trades Union Unit Trust Managers
100, Wood Street, E.C.2. 01-628 8011
TUUT Feb 1 101.7 108.2 3.54

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651
Colemco Feb 10 278.9 293.6 -12.5 4.58
(Accum. Units) 425.6 448.0 -19.2 4.58
Fielding Fd Feb 9 146.2 157.8 3.38
(Accum. Units) 152.4 164.3 3.38
Fielding Inc Feb 9 104.7 113.1 5.64
Fielding Int Feb 9 164.6 177.2 1.48
(Accum. Units) 179.5 193.3 1.48
S and W Amer Feb 8 98.0 102.7 2.48

INSURANCES

[illegible]

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707 142311
Pension Funds
EqPenFdAcc 635.3 668.7 +1.4 —
Euro Fd Acc 98.2 103.3 -2.3 —
FixedPenAc 426.4 448.8 +1.2 —
GtMnPnAc 253.8 267.1 .... —
IntlManFd 261.9 275.7 -0.9 —
Jap Pen Fd 132.9 139.9 -1.2 —
AmPnFdAc 118.0 124.1 -1.2 —
PropPenFd 234.0 246.3 +0.5 —
MplInPnAcc 531.0 558.9 -0.1 —

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BD. 01-248 9861
Capital Life Assurance
Key InvFd — 127.95 .... —
Pcmkr Inv Fd — 126.46 .... —
Equity Fd 109.86 115.64 .... —
Fxd Int Fd 105.63 111.21 .... —
ProptyFd 103.02 108.44 .... —
Cash Fd 101.43 106.77 .... —
Managd Fd 111.37 117.23 .... —
Col Mut Life (Pension Annuities)
MdPnCnA/B 99.33 104.57 -0.07 —
MdPnInvA/B 99.53 104.78 .... —

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500
VarAnnAcFb10 — 157.35 -4.50 —
VarAnnFb17 — 34.28 -0.72 —

Prime Series—Life
Managed 131.6 138.6 +0.2 —
UK Equity 134.9 142.1 +0.1 —
Int Equity 129.9 136.8 +0.1 —
Property 104.0 109.5 .... —
Fixed Int 111.8 117.7 +0.4 —
Index Lkd Gt 90.2 90.5 .... —
Cash 100.5 105.8 .... —
Prime Series—Pensions
Managed 96.8 101.9 +0.2 —
UK Equity 96.8 101.9 +0.1 —
Int Equity 97.2 102.4 +0.6 —
Property 96.0 101.1 .... —
Fixed Int 95.3 100.4 +0.5 —
IndexLkdGt 94.9 99.9 .... —
Cash 85.8 100.9 .... —

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225
Equity Acc 184.7 194.5 .... —
Propty Acc 165.5 174.3 .... —
Int Acc 156.3 164.6 .... —
Managd Acc 177.5 186.9 .... —
Spec Sits 134.9 142.0 .... —
Pen Int Acc 148.6 156.5 .... —
Pen Prp Acc 183.6 193.3 .... —
Pens Equity 214.7 226.1 .... —
Pen Mg Acc 172.9 182.1 .... —
Gilt Deposit, Index Fund prices available on request.

Crown Life
Crown Life House, Woking GU21 1XW. 046862-5033

PenMnyAcc 127.9 134.6 .... —
PenMnyInt 116.2 122.3 .... —
PE Coronet 192.5 202.6 .... —
BrewinEqFd 276.8 291.3 .... —
StratInvFd 154.4 162.6 .... —
Heritage Fd 149.0 156.8 .... —
Sage Fd 121.9 128.3 .... —

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055
Life Funds
Cash Accum 98.9 104.2 +0.1 —
UK Eq Acc 113.9 119.9 +0.1 —
FixedIntAcc 102.5 107.9 +0.3 —
IndxLkdAcc 92.3 97.2 .... —
Mixed Acc 105.9 111.5 .... —
O'seasEqFd 101.7 107.1 -0.6 —
Property Acc 99.8 105.1 +0.1 —
Pension Funds
Cash Cap 98.8 104.0 +0.1 —
Cash Acc 101.3 106.7 .... —
UK Eq Cap 107.7 113.4 .... —
UK Eq Acc 110.4 116.4 .... —
FixedIntCap 101.5 106.9 +0.2 —
FixedIntAcc 104.2 109.7 +0.2 —
IndxLkdCap 89.9 94.7 .... —
IndxLkdAcc 92.4 97.3 -0.1 —
Mixed Cap 102.6 108.1 -0.1 —
Mixed Acc 105.4 111.0 -0.1 —
O'seasFdAc 102.8 108.3 -0.7 —
O'seasAcc 105.6 111.2 -0.7 —
Property Cap 95.0 100.1 .... —
Property Acc 97.6 102.8 .... —

General Portfolio Life Ins Co Ltd
Crossbrook St, Cheshunt, Herts. Waltham Cross 31971
PrtfloFdInA 257.7 271.4 -6.4 —
PrtfloEqCap 244.4 — -5.9 —
UK Equity 100.8 106.2 -2.5 —
O'seas Equity 92.1 97.1 -3.9 —
Smaller Cos 92.5 97.4 -2.5 —
Gilt Plus 94.7 99.7 -0.4 —
Gilt Plus 86 95.4 100.5 -0.1 —
Fixed Int Dep 96.0 101.1 +0.1 —
Managed 98.2 103.4 -2.5 —
Inter Man 94.0 99.1 -2.8 —

Guardian Royal Exchange
Royal Exchange EC3. 01-283 7107
GRE Pensions Management Ltd
PensPropInc 130.5 137.3 .... —
PensPropAcc 142.5 150.0 .... —
PensLkdGtIn 94.3 99.3 .... —
PensLkdGtAc 96.0 101.0 .... —
PensDepInc 139.8 147.2 .... —
PensDepAcc 152.8 160.8 .... —

Henderson Administration
26 Finsbury Sq, London EC2. 01-638 5757
High Inc 156.2 164.5 +0.5 —
Gilt Edged 96.8 101.9 +0.3 —
Cap Growth 153.0 161.1 +0.5 —
Technology 161.1 169.6 -2.3 —
Nat Res'ces 142.5 150.0 +1.5 —
Spec Sits 189.4 199.4 -2.4 —
N America 201.6 212.3 -1.5 —
Far East 203.9 214.7 -3.3 —
Property 117.9 124.2 .... —
Managed 191.8 201.9 -0.5 —
Prime Res 119.1 125.4 .... —
Deposit 119.3 125.6 .... —
Mgd Currncy 93.3 98.3 -0.1 —
GlbHlthCare 90.8 95.6 -0.4 —
Pension Funds
UK Equity 115.1 121.2 +0.2 —
Fixed Int 112.0 117.9 +0.5 —
Spec Sits 122.6 129.4 -0.8 —
N America 103.3 108.8 -0.7 —
Far East 142.7 150.3 -0.7 —
Managed 117.0 123.2 -0.4 —
Comm Prop 103.4 108.9 .... —
Prime Rest 108.6 114.4 .... —
Deposit 103.4 108.9 .... —
Capital units prices available on request.

Kinsman Assurance Society
43 Charlotte Sq, Edinburgh. 031 225 6166
Life Assur 222.3 226.9 +13.7 —
Savings Nrw 128.9 131.6 +1.8 —
Savings Wd 219.3 223.8 +20.3 —

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.
Sel Sec A 24.2 25.5 .... —
Blue Chip 18.7 19.7 -0.7 —
Fixed Yield 18.4 19.4 +0.1 —
G'nteed Mny 15.1 15.9 .... —
Managed 17.8 18.8 -0.3 —
International 23.5 24.8 -0.5 —
Property 14.2 15.0 -0.3 —
Pacific 18.4 19.4 -0.2 —
Equity 14.6 15.4 -0.4 —
Special Sits 22.8 24.0 -0.3 —
Int Curr 12.9 13.6 +0.1 —
IndxLkdSecs 10.4 11.0 -0.2 —
American 17.1 18.1 -0.7 —

London Life Association Ltd
100 Temple St, Bristol BS1 6EA. 0272-279179
Linked Assurances
Equity 246.4 — .... —
Fixed Int 170.3 — .... —
Property 177.1 — .... —
Deposit 144.4 — .... —
Mixed 203.8 — .... —
Index Stock 109.0 — .... —
International 120.2 — .... —
Managed Funds
Equity(P) 181.1 — .... —
FixedInt(P) 178.7 — .... —
Property(P) 130.4 — .... —
Deposits(P) 128.2 — .... —
Mixed(P) 163.6 — .... —
Index Stock 116.0 — .... —
Int Equity 116.4 — .... —

Moneywise Friendly Society
80 Holdenhurst Rd, Bournemouth. 0202 295678
Moneywise In 51.8 55.2 +0.3 —

Municipal Life Assurance Ltd
99 Sandling Rd, Maidstone. 0622 679351
Equity Fd 102.0 108.0 .... —
Managed Fd 109.0 115.0 .... —

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath. 0444 458721
Nat Res'ces 107.0 113.0 -6.0 —
Property 141.0 149.0 +1.0 —
UK Equity 142.0 150.0 -2.0 —
Intl Equity 129.0 136.0 -1.0 —
Jarrets Fd 88.0 93.0 -3.0 —

Prudential Pensions Ltd
Holborn Bars, EC1 2NH. 01-405 9222
Pru-Link Retirement Plan
Managed Fd 152.9 159.3 .... —
Cash Fd 116.3 121.2 .... —

Reliance Mutual
Reliance Hse, Tunbridge Wells, Kent. 0892 22271
BL Pension Funds
Deposit Cap 95.1 100.2 +0.2 —
Deposit Acc 95.2 100.3 +0.3 —
Equity Cap 90.7 95.5 -4.5 —
Equity Acc 90.7 95.5 -4.5 —
Fixed Int Cap 97.1 102.3 +2.5 —
Fixed Int Acc 97.2 102.4 +2.4 —
GiltIndxLkdCp 95.0 100.0 .... —
GiltIndxLkdAc 95.1 100.2 +0.2 —
Managed Cap 94.3 99.3 -0.7 —
Managed Acc 94.4 99.4 -0.6 —

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57161
Managed Fd 108.0 113.7 .... —
Universal Fd 104.7 110.3 .... —

Scottish Provident Institution
6 St Andrews Sq, Edinburgh. 031-556 9181
Mixed 100.3 105.7 .... —
Equity 102.8 108.3 .... —
International 105.2 110.8 -0.3 —
Property 96.3 101.5 .... —
Fixed Int 96.5 101.7 +0.3 —
Index Lkd 94.4 99.4 +0.1 —
Cash 96.2 101.4 .... —
PenMxdInt 100.1 105.5 .... —
Do Ord 100.8 106.2 .... —
Pen Eq Int 103.1 108.6 .... —
Do Ord 103.7 109.3 +0.1 —
Pens Intl 105.3 111.0 -0.2 —
Do Ord 106.2 111.9 -0.3 —
Pens Prop Int 96.6 101.8 .... —
Do Ord 96.8 102.0 .... —
Pens Fxd Int 96.6 101.8 +0.3 —
Do Ord 96.9 102.0 +0.2 —
PenIndLkdIn 94.2 99.3 +0.1 —
Do Ord 94.8 99.9 +0.1 —
Pen Cash Int 96.1 101.3 .... —
Do Ord 96.7 101.9 .... —

Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703 334411
Managed 157.0 165.3 -0.4 —
Equity 169.6 178.5 -0.1 —
International 177.2 186.5 -1.7 —
N American 99.3 104.5 -0.9 —
N European 109.3 115.1 -0.9 —
Pacific 119.3 125.6 -1.2 —
Int Recovery 115.6 121.7 -1.1 —
Gilt Plus 143.7 151.3 -0.2 —
Property 130.6 137.5 +0.1 —
Deposit 133.9 140.9 +0.1 —
Pens Mngd 189.2 199.2 -0.8 —
Pens Equity 202.9 213.6 -1.2 —
Pens Intl 220.8 232.4 -2.4 —
PensNAmer 101.2 106.5 -1.1 —
PensNEuro 114.7 120.7 -1.0 —
Pens Pacific 125.0 131.6 -1.5 —
PensIntRec 124.1 130.6 -1.2 —
PensGiltPlus 174.6 183.8 +0.2 —
Pens Propty 160.6 169.0 +0.1 —
Pens Dep 165.7 174.4 +0.2 —
For prices of Capital Units and Guaranteed Basic Rates please phone 0703 334411.

Swiss Life Pensions Ltd
99-101 London Rd, Svnoaks. 0732 450161
Equity £116.82 120.43 .... —
Fixed Int £107.02 107.55 .... —
IndexLkd £101.25 101.76 .... —
Property £126.72 130.63 .... —
Cash £102.97 102.97 .... —
Mixed £117.98 121.62 .... —
Next sub day March 1.

TSB Life Ltd
PO Box 3, Keens House, Andover, Hants. SP10 1PG.
Managed Fd 109.0 114.9 -0.1 —
Property Fd 100.6 106.0 .... —
Fixed Int Fd 103.2 108.7 +0.4 —
Money Fd 99.4 104.7 .... —
Equity Fd 120.1 126.5 -1.1 —

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St. Windsor 68144
N Amer Fd 208.8 219.7 .... —
FutAssGrb 94.0(A) 96.0(B) .... —
Pet Ass Pen — 56.55 .... —
Far East Fd 140.9 148.3 .... —

F.T. CROSSWORD PUZZLE No. 5,341

ACROSS

1 Insolence of the centre right is inviting disaster (6)
4 Bones on view in 23 across (6)
8 Makes slow progress on a street car (7)
9 Is inane, perhaps, and remains so (7)
11 The head's study (10)
12 Swing till dizzy (4)
13 A mass withdrawal on the Indian border (5)
14 One living on another camp for airborne troops? (8)
16 Highly attractive part of Belgium (6)
18 One with no faith in father backing a horse (5)
20 Workman in stone (4)
21 I represent change and the readiness to accept it (10)
23 You may take work home from it (7)
24 Place money (7)
25 Dismal doctor takes a year off (6)
26 All the difference between life and death? (6)

DOWN

1 Come out and have a peep perhaps! (5)
2 They go on tiny feet (7)
3 There's no end of cats here (4, 2, 3)
5 Not a ruddy thing to eat! (5)
6 Puzzle no more (7)
7 The only one in a suit wearing a vest (9)
10 Combined to make notes about it (9)
13 Aphrodite's emaciated form (9)
15 Journalist's work needs to be bang on time (9)
17 General form of increase (7)
19 Sharing out with relish (7)
21 It's a mistake to be led astray over gold (5)
22 Stand and refuse to go forward (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Offshore & Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame, Luxemb'g. Tel 47971
Actibonds In — $20.64 .... —

Alliance Capital Management Intl Inc
62/63 Queen St, London EC4. 01-248 8881
Alliance International Dollar Reserves
Distribution Feb 1-7 (0.001603) (8.71% pa)
HealthCrFeb8 — $8.23 .... —
Tech'logyFeb8 — $15.97 .... —
Quasar Feb 8 — $42.77 .... —

Aries Fund Managers Ltd
PO Box 284, St Helier, Jersey. 0534 72177
SterlFdInt £10.18 10.22 .... —

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541
Tech&Coms £1.89 8.37 .... —
IntGrowth $17.32 18.37 .... —
PacBasinFd $21.99 23.31 .... —

Brown Shipley Tst Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777
SterlCap £16.79 16.80 +0.01 —
IntBondInc $10.47 11.03xd .... —
IntBondAc $10.77 11.35 .... —
IntCurrency £1.12 1.18 .... —

CAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 20231
CAL C&C** 80.9 85.2 .... —
CAL Metals* 92.4 97.3 .... —
CAL Silver* 227.5 240.6 -7.0 —
CAL Gold** 83.1 87.5 -0.8 —
CAL Copper — — .... —
CAL Alum** 86.0 90.6 -0.5 —
* Dealings days every Monday.
** Dealings daily.

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. 809-29) 5-5950
CAL CTR Fd 62.3 65.4 .... —
Dealing days every Monday.

Capital Preservation Fund International
14 rue Aldringen, Luxembourg 1118.
Cap Pres Fd — $10.19 +0.01 —

Commodity Advisory Svcs (IoM) Ltd
48 Athol St, Douglas, IoM. 0624-20845
Com&FFAc 67.65 70.47 .... —
Com&FFd 67.65 70.47 .... —
Next dealing date Feb 20.

Citibank (CI) Ltd "Citifunds"
Green St, St Helier. 0534-70334
U.S. $ Fd $10.590 +0.002 —
£ Sterling Fd £5.287 +0.001 —
SwFrancFd SwFr20.259 +0.001 —
Jan Yen Fd Y2,070.282 +0.277 —
Deutsche Fd DM20.485 +0.002 —
Managed Fd $10.097 -0.085 —
"Citica.e"
CiticareFdJan31 9.690 .... —

Dunvest Ltd
PO Box 887, Grand Cayman, BWI.
NAV $1,54.75 .... —

EBC Trust Company (Jersey) Ltd
1-3 Seale St, St Helier, Jersey. 0534-36331
International Income Fund
US$ Do Sht A $1.3262 +0.0003 7.95
Do Dist $0.9985 +0.0002 7.95
Mxd Cur Sh't B $1.425 -0.0018 7.66
Do Dist $0.9245 -0.0006 7.66
Eurobd Lng Trm $22.13 .... 9.84

Euro Banking Traded Currency Fund*
Income $10.07 10.382 -0.011 —
Capital $10.07 10.382 -0.011 —
* Offer price incs 3% prelim charge

Fidelity International
9 Bond St, St Helier, Jersey. 0534-71696
DllSvgsAst(z) $109.51 +0.003 8.94
AmVICmPfSA 100.50 .... 3.00
Am Vals Cum 63.54 .... —
Prices at Feb 7.

Forbes Security Management Co
PO Box 887, Grand Cayman, BWI. London Agents 01-839 3013
Gold Inc $9.50 10.01xd 13.63
Gold Acc $7.05 7.43 .... —
Dollar Inc $8.50 8.82xd 14.82

Framlington Overseas Fund Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481-28[illegible]
O'sea Gth £0.526 0.553 .... 4.00
O'sea Gth $0.742 0.784 .... 4.00

Frobisher Fund NV
PO Box 1735, Hamilton, Bermuda. 809 295 7[illegible]
NAV Jan30 $40.47 40.88 .... —

GRE International Invest Mngrs Ltd
PO Box 194, St Helier, Jersey. 0534-27441
Man Cur Fd — $10.53 -0.03 —

Global Asset Management Corpn.
PO Box 119, St Peter Port, Guernsey. 0481-24561
GAMWorldwide $112.46 .... —
GAMerica $105.59 .... —
Future GAM $98.01 .... —
GAM Tyche $95.11 .... —
GAMusa $98.57 .... —
GAM Park Av $100.01 .... —
GAM Pacific $105.32 .... —
GAM Arbitrage $101.86 .... —

Grieveson Mngt (CI)—Barrington Fund
30 Bath St, St Helier, Jersey. 0534-37151
IntInFeb9 104.0 108.6xd 5.01

Grindlay Henderson Mngt Ltd
PO Box 414, St Helier, Jersey. 0534-74248
Mgd Fd £10.7372 11.2741 +0.0331
Mgd Acc £10.3572 10.8751 +0.0307
Stlg Fd £10.0948 .... +0.0048
Stlg Acc £10.44647 .... +0.0045
U.S. $ Fd $20.2012 .... +0.011
U.S. $ Acc $20.9537 .... +0.0104
DM Acc DM51.1441 .... +0.0101
SwFrAc SwFr50.8484 .... +0.0037
Yen Acc Y5,149 .... +1.0

Guinness Mahon Intl Fund (Guernsey)
PO Box 188, St Peter Port, Guernsey. 0481 23506
Currency Deposit Shares
Dollar $20.646 +0.005 —
Sterling £10.289 +0.002 —
Yen Y5,093.688 +0.761 —
Deutschmk DM50.795 +0.007 —
SwissFrnc SwFr40.220 +0.002 —

IGF Management Services Inc
IntGoldGd $52.09 $4.69 .... —
c/o Registrars PO Box 1044 Cayman Is BWI
Optima Fd — — .... —
Swiss Franc SwFr40.209 .... —
nu5 I2 7 ETAOIN SHRDLU

Jardine Fleming & Co Ltd
46th Floor, Connaught Centre, Hong Kong.
Curr Bond $12.56 13.36 .... —
(Accum) $18.48 19.65 .... —
Asea $11.01 11.77 .... —
(Accum) $11.01 11.77 .... —
American $7.71 8.21 .... —
(Accum) $7.71 8.21 .... —
Man Cur $9.78 — -0.01 9.50
(Accum) $10.18 — -0.01 9.50
Pen Prop In 96.4 101.6 .... —
Do Ord 96.6 101.8 .... —

Lazard Brothers & Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, CI. 0534 37361
Co G Bd $1446.23 146.75 .... 10.9
LazBrFarE $16.00 16.80 .... —
S'fied Inv $10.57 10.36xd 5.8
DolAccm) $10.51 10.56 .... —

Lewis & Peat, Clarke (Guernsey) Ltd
PO Box 147, St Peter Port, Guernsey. 0481 23488
Commod Fd 89.8 94.2 .... —

Lloyds Bank International, Geneva
PO Box 438, 1211 Geneva 11 (Switzerland)
LI Dollar $100.7 104.0 .... 10.00
LI Grwth SF912.5 972.0 .... 1.3
T I Inc SF291.5 303.0 .... 5.8
LI Pac SF117.4 124.2 .... 7.2

Lloyds Intl Money Market Fund Ltd
PO Box 136, St Peter Port, Guernsey. 0481 24983
Sterling Class £10.144 .... —
Dollar class $20.379 .... —
Next dealing day Feb 8.

Lloyd's Life (Isle of Man) Ltd
8 .ige Hse, Castletown, IoM. 0624 824151
SAIF 108.7 112.7 .... —

Management International Ltd
Bk of B'muda Bldgs, B'muda. 809-295-4000
Bda IBCF $16.89 17.07 .... —
Bda IBF $11.24 11.35 .... —
Bda IECF $9.86 10.07 -0.29 —
Bda EEFI $9.76 9.97xd -0.29 —
Prices at Feb 8. Next dealing Feb 15.

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961
LA Inc $102.49 102.71 +0.16 9.18
LA Acc$ $129.60 129.86 +0.21 9.70
MIT Inc $109.72 110.28 +0.24 10.32
MIT Acc$ $129.89 130.55 +0.28 5.53
Geofund International Reserves Ltd
Sterling £5.223 +0.001 8.10
U.S. $ $10.469 +0.003 8.51
D-Mark DM20.494 -0.002 4.47
Swiss Fr SwFr20.311 .... 1.17
Jap Yen Y2,057.4 +0.2 3.89
Managed Fd $10.448 +0.013 8.94

Marine Midland (CI) Ltd
140 B'way NY 10015 USA. 212-440-1000
Queens Hse, Don Rd, St Helier. 0534-71460
Intl Currency 1048.4780 .... —
Next sub day Feb 16.

Samuel Montagu London Agents
114 Old Broad St, EC2. 01-626 3434
ApIJa31 SF94.5 102.56 .... 1.35
JoJa31 HK$48.3 52.27 .... 0.14
1-7GoJn31 17.87 19.22 .... 1.34
JvFdJa25 £15.28 16.55 .... —
MontFRNF $10.27 10.30 .... —
U.S. FIF $10.32 10.87 .... —

Nat Westminster Jersey Fd Mngrs Ltd
23/25 Broad St, St Helier, Jersey.
County Bank Currency Fund (z)
Dollar class $21.2945 .... —
Sterling class £10.6364 .... —
D-mark cl DM51.5421 .... —
Dutch Gldr DF51.5655 .... —
Jap Yen cl Y5202.8572 .... —

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Building, Bermuda. 809 29 5400
Amer Tst $8.39 8.77 .... —

PutnamInternational Advisors Ltd
10-12 Cork St, London W1. 01-439 1391
EnrgHlthSci $9.23 — .... —
Intl Fund $99.59 — .... —

Rothschild Asset Management (CI)
St Julian's Ct, St Peter Port, Guernsey. 0481 26741
Bel Francs BFr888.56 +0.21 8.84
Canadian $ C$38.235 +0.005 8.06
D-Mark DM51.95 +0.005 4.65
French franc FFr51.51 +0.005 4.31
Dutch Gldr DFl172.29 +0.05 11.43
Italian Lira L39,559 +15 14.21
Jap Yen Y6449.18 +0.80 4.95
Singapore $ S$66.34 +0.015 8.32
Sterling £14.942 +0.004 —
Swiss Franc SwFr46.475 +0.001 1.12
U.S. $ $30.67 +0.01 8.62
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd
Sterling £14.5784 .... —
U.S. Dollar $27.5251 .... —
D-Mark DM52.3203 .... —
Swiss Franc SwFr51.6070 .... —

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, EC2 01-382 6000
Naess & Th Feb3 $42.97 -2.75 —

Standard Chartered Off Money Mkt Fd
PO Box 122, St Helier, Jersey. 0534 74454
Sterling £10.3593 +0.0023 8.42
U.S. Dollar $20.7288 +0.0049 8.87
D-Mark DM50.9671 +0.0066 4.76
Swiss Fr SwFr40.4837 +0.0031 2.77
Japan Yen Y5,118.9287 +0.7367 5.24

State St Bank Equity Hldgs NV
Car Mgt Co. & John B Gorsiraweg, Curacao
Net asset value Feb 7 $7.39.

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd, King William St
NAVNT $427 IDR value US$10,627.18

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72936
Man Cur Fd 99.1 104.5 +0.1 —

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.
T-G Amer $21.18 .... —
T-G Money $22.22 .... —
T-G Eurobond $15.83 .... —
T-G Commodity $20.99 .... —
T-G Mortgage C$20.64 .... —
T-G Overseas $12.59 .... —
T-G Pacific Y2,257 .... —
T-G Wall St $25.28 .... —
T-G Gold $9.44 .... —

United Fund Managers Ltd
16-18 Queens Road Central, Hong Kong. 5-231411
S&MIyT $11.20 11.71 .... —
Do Acc$ $129.61 130.27 .... 5.91

Money Market Trust Funds

Nom APR Int or Notice

Mallinhall Ltd
36 Berkeley Sq., W1X 5DA. 01-499 6[illegible]
Mal'hallMvFd 8.85 9.18 Qtr Call

The Money Market Trust
63 Qn Victoria St EC4N 4T. 01-236 095[illegible]
Call Fund 8.84 9.07 6mth Call
7-day Fund 8.88 9.11 6mth 7day

Oppenheimer Money Management Ltd
66 Cannon St, EC4P 4ST. 01-236 [illegible]
Call Fund 8.72 8.91 6mth Call
7-day £ 8.76 8.95 6mth 7day
High Int Dp Act 8.72 8.91 6mth 1day
Dollar 8.37 8.54 6mth 2day

Money Market Bank Accounts

Nom APR Int or Notice

Aitken Hume
1 Worship St. EC2A 2HQ. 01-638 6070
Treasury Acc 8.875 9.175 Qtr Call
Monthly Acc* 8.80 9.16 Mth Call

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-628 8060
Cheque Acc* 8.80 9.16 Mth Call

Britannia Gp of Investment Companies
29 Finsbury Circus, EC2M 5QL. 01-588 2777
Cater Allen* 8.875 9.245 Mth Call

Charterhouse Japhet PLC
1 Paternoster Row, EC4M 7DH. 01-248 3999
Sterling* 9.00 9.38 Mth Call
U.S. Dollar 9.50 10.06 Mth Call
German Marks 5.5 5.73 Mth Call
Swiss Francs 2.25 2.30 Mth Call

Choulartons
30 Ashley Rd, Altrincham, Cheshire WA14 2DW. 061-928 0011
Cheque Acc* 9.57 10.0 Mth Call

Dartington & Co Ltd
Dartington, Totnes, Devon TQ9 6JE. 0803 862271
Mny Mkt Acc* 9.0 9.30 Qtr Call

Lombard North Central PLC
17 Bruton St. W1A 3DH. 01-409 3434
Note Dep 9.0 9.2 Rate 14day

M & G Group
91-99 New London Rd, Chelmsford. CM2 0PY. 0245 51651
KleinBnsHICA* 9.1 9.5 Daily Call

Save & Prosper
28 Western Road, Romford RM1 3LB. 0708 66966
FlmgHighInt* 8.62 9.0 Daily Call

Tyndall & Co
20-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241
Demand Acc 8.78 9.07 Qtr Call
Money Acc* 9.00 9.29 Qtr CHQ/7

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS. 01-382 6[illegible]
Special Acc* 8.70 9.06 Mth Call
Over £10,000* 8.95 9.33 Mth Call

NOTES—Cheque book facility available. Interest is calculated on the basis of a nominal rate for a given period, but will not be comparable between funds of accounts if the intervals between interest credits differ. The annual percentage rate (APR) is comparable although it will only represent the amount actually earned in a year if interest rates are unchanged. Notice periods relate to penalty-free minima. In some cases earlier availability may be possible at an interest cost.

هكذا منة الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		258.72	.....	—
Managed Inv. Fd.	167.73	176.56	.....	—
Property Fd.	153.12	161.18	.....	—
Fixed Interest Fd.	148.81	156.65	.....	—
Cash Fd.	137.97	145.24	.....	—
Income Fd.	196.83	207.19	.....	—
Extra Income Fd.	188.24	198.15	.....	—
Worldwide Growth Fd.	236.57	249.03	.....	—
Balanced Fd.	195.32	205.60	.....	—
Smlr Co's & Recv. Fd	222.01	233.70	.....	—
Intl. Technology Fd	270.21	284.44	.....	—
Nth. Amer. & Gen. Fd.	160.43	168.88	.....	—
Energy Int. Fd.	111.90	117.79	.....	—
Pacific Basin Fund	160.26	168.70	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	115.8	121.9	−2.7	—
Property	117.3	123.4	−1.6	—
Equity	124.1	130.6	−2.8	—
International	129.9	136.8	−4.9	—
Fixed Interest	103.0	108.4	−1.2	—
Deposit	101.0	106.3	+0.1	—
Managed Pen. Cap.	115.5	121.6	−3.5	—
Property Pens. Cap.	117.5	123.7	−2.5	—
Equity Pens. Cap.	118.9	125.1	−3.9	—
Intnl. Pens. Cap.	134.8	141.8	−7.0	—
Fixed Int. Pens. Cap.	99.2	104.5	−4.3	—
Deposit Pens. Cap.	98.2	103.4	+0.1	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 31		107.1	.....	—
Retmt. Fed. Jan. 6		288.3	.....	—
Managed Pen Fund	191.5	201.6	.....	—
Property Pen Fund	117.4	123.6	.....	—
Index Lnkd Pen Fund	112.4	118.3	.....	—
Managed	126.1	132.8	−0.4	—
Property	106.4	112.0	+0.1	—
Gilt and Fixed Interest	108.3	114.1	+0.3	—
Index-Linked	97.8	103.0	.....	—
Equity	125.8	132.5	−0.2	—
Cash	106.0	111.6	.....	—
Midland Bk. Unit Tst.	125.2	131.8	+0.1	—
Midland Bank Intnl.	145.5	153.2	−0.5	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£30.81	—	−0.20	—
Property Units	£17.46	—	.....	—
Equity Bond/Exec	£25.82	27.32	−0.12	—
Prop. Bond/Exec	£22.82	24.15	.....	—
Bal. Bd./Exec/Unit	£23.71	25.09	−0.08	—
2nd Equity Acc.	201.1	212.8	−1.0	—
2nd High Inc/Acc	166.0	175.7	+1.0	—
2nd Property Acc.	174.0	184.1	.....	—
2nd Managed Acc.	171.7	181.7	−0.5	—
2nd Deposit Acc.	146.9	155.4	.....	—
2nd Gilt Acc.	145.1	153.5	−0.3	—
2nd American Acc.	166.1	175.8	−1.7	—
2nd Intl Money Acc.	145.8	154.3	.....	—
2nd Index Acc.	99.5	105.3	.....	—
2nd Far East Acc.	103.0	109.0	.....	—
2nd Eq. Pens./Acc.	283.8	300.3	−1.8	—
2nd Hi Inc Pens/Acc.	177.1	187.4	+1.2	—
2nd Prp. Pens/Acc	224.8	236.8	.....	—
2nd Mgd. Pens/Acc	220.3	233.1	−0.8	—
2nd Dep. Pens/Acc.	194.5	205.8	.....	—
Gilt Pens/Acc	189.5	200.5	−0.4	—
2nd Am. Pens/Acc.	220.3	233.1	−2.2	—
2ndIntl.MoneyPens/Acc	178.9	189.3	−0.1	—
2nd Index Pens./Acc.	105.7	111.9	.....	—
2nd Far East Pens/Acc.	104.1	110.2	.....	—
L & E S.I.F.	74.0	78.5	−0.5	—
L & E S.I.F. 2	50.5	53.5	−0.5	—

Current value at February 8.

Capital Life Assurance
Continued on adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	203.76	214.49	−0.42	—
Managed Income	96.92	102.03	−0.75	—
International	142.62	150.13	+0.23	—
High Income	124.15	130.69	+0.01	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	125.6	132.3	−0.7	—
GT Pln High Yld Fnd.	129.3	136.2	−0.9	—
GT Plan Far East Fnd	127.7	134.5	−3.9	—
GT Plan N. Am Fd.	127.1	133.8	−2.6	—
GT Pln UK&G.E. Fnd	146.5	154.5	−1.7	—
GT Pln Wrldwde Fnd.	151.3	159.3	+0.5	—
GT Pension Bnd Fnd.	137.8	145.1	−0.8	—
GT Pen High Yld Fd.	148.4	156.3	−1.0	—
GT Pen Far East Fd.	158.1	166.6	−4.9	—
GT Pen N. Am. Fd.	179.0	188.5	−5.2	—
GT Pen UK & G.E. Fd.	169.5	178.5	−2.0	—
GT Pen Worldwide Fd.	163.4	172.0	+0.8	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	172.0	181.1	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	257.8	−6.1	—
Portfolio Fd. Init.	218.1	−5.2	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd, B'mouth. 0202 767655

Managed Fd.	276.0	290.8	.....	—
Money Fd	157.3	165.6	.....	—
Equity Fd.	232.6	245.1	.....	—
Fixed Int. Fd.	118.6	125.0	.....	—
Property Fd.	175.4	184.8	.....	—
Managed Pen. Fd.	272.0	286.6	.....	—
Equity Pension Fd	182.1	191.9	.....	—
Fixed Int. Pen. Fd.	167.3	176.3	.....	—
High Yield Pen. Fd.	165.1	174.0	.....	—
Money Pension Fd.	131.0	137.9	.....	—
Property Pension Fd.	129.3	136.2	.....	—
Gresham/Fram				
American & Gen. Fd.	223.7	235.7	−3.4	—
Income Fd	201.9	212.8	−1.6	—
Int'l. Growth Fd	249.7	263.1	−9.8	—
Capital Fund	212.2	223.8	−1.8	—
Recovery Fund	159.0	167.5	−1.5	—
Japan & Gen Fd	95.0	100.0	.....	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1,536	—	.....	—
Landbank Secs.	£0.6674	—	.....	—
Landbank Secs. Acc.	189.2	194.1	.....	—
G. & S. Super Fd.	£11.590	—	.....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance				
Property Bonds	307.4	320.2	.....	—
GRE Linked Assurance Ltd.				
Managed Initial	216.2	227.5	−0.9	—
Do. Accum	241.7	254.4	−1.0	—
Equity Initial	272.4	286.7	−0.3	—
Do. Accum	304.6	320.6	−0.3	—
Fixed Int. Initial	196.5	206.9	−0.2	—
Do. Accum.	219.7	231.3	−0.2	—
Intnl. Initial	217.4	228.8	+0.2	—
Do. Accum	243.1	255.9	+0.2	—
North American Initial	96.3	101.4	−0.2	—
Do. Accum	98.0	103.2	−0.2	—
Pacific Initial	109.3	115.1	−0.8	—
Do. Accum	110.2	116.0	−0.8	—
Index-Linked Gilt Init.	92.8	97.6	.....	—
Do Accum	94.4	99.3	.....	—
Property Initial	123.7	130.2	.....	—
Do Accum	138.2	145.5	.....	—
Deposit Initial	123.8	130.3	.....	—
Deposit Accum.	138.4	145.7	.....	—
GRE Pensions Management Ltd.				
Pens. Managed Initial	214.8	226.2	−1.1	—
Pens. Managed Acc.	234.8	247.2	−1.2	—
Pens. Equity Initial	280.6	295.4	−1.5	—
Pens. Equity Acc.	306.7	322.8	−1.7	—
Pens. Fxd. Int. Initial	201.9	212.6	−0.2	—
Pens. Fixed Int. Acc.	220.7	232.3	−0.2	—
Pens. Int'l Initial	208.7	219.7	+0.7	—
Pens. Int'l. Acc.	228.1	240.1	+0.8	—

Continued on adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

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Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	24.0	25.0	.....	—
Chinese Fund	60.9	63.4	−1.9	—
Precious Metal Fund.	126.5	131.7	.....	—
Vanguard Cmdy. Fd.	34.6	35.5	.....	—
Financial Futures Fd	60.8	63.3	−0.4	—
Wren Intl Fnd.*	$0.731	0.761	+0.123	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
22N 22May	Exchequer 14pc. 1984	101 3/16	17.10	13.84	9.39
19D 19Jun	Exch. 3pc 1984	98	14.11	3.06	8.87
26Mar 26S	Treasury 12pc 1984	101⅞	22.8	11.84	9.53
22Aug 22F	Treasury 15pc 1985	105 5/16xd	15.1	14.26	9.56
22S 22Mar	Exch. 12pc Cnv. '85	102 7/16	16.8	11.71	9.60
21N 21My	Treasury 3pc 1985	94 3/16	17.10	3.18	7.78
15Jan 15Jul	Treasury 11½pc 1985	102 5/16	9.12	11.24	9.70
3 Mar 3 Sept	Treas 8¼pcCnv '85	99⅛	26.1	8.83	9.39
22May 22N	Exch. 12¼pc 1985	103⅝	17.10	11.85	10.07
25 Aug. 25F	Exch. 11¾pc '86	102 11/16xd	19.1	11.43	10.17
—	Treas 10pc Cnv 1986	100 7/16	—	9.96	9.73
19N 19May	Treasury 3pc 1986	89 3/16	13.10	3.36	8.26
19 Nv 19 My	Exch. 10½pc Cv '86	100 13/16	13.10	10.42	10.06
12D 12Jun	Treasury 12pc '86	102 15/16	7.11	11.66	10.51
10Ja 10Jul	Treasury 8½pc '84-86‡‡	98⅛	5.12	8.67	9.38
29Apr 29Oct	Exch. 14pc 1986	107½	22.9	13.02	10.69
21 May 21 N	Exch 2½pc 1986	86 3/16	18.1	2.90	8.15
22Jul 22Jan	Exch. 13¼pc 1987	106¼	16.12	12.47	10.69
10 Fb 10 Ag	Treas 10¼pc Cnv '87	99 7/16xd	—	10.31	10.46
24 Fb 24 Aug	Exchequer 2½pc 1987	85 7/16xd	18.7	2.92	7.95
Oct 6 Apr 6	Exch. 10½pc 1987	99⅜	1.9	10.57	10.71
1N 1May	Funding 6½pc '85-87‡‡	92	26.9	7.06	9.43
12 Jun 12 D	Treas 10pc 1987	98 1/16	—	10.20	10.67
14Ja. 14Jul	Treasury 3pc 1987	84 3/16	8.12	3.56	8.37
3 May 3N	Treas 12pc 1987	103¼	27.9	11.62	10.88
26Jul 26Ja	Treasury 7¾pc '85-88‡‡	94⅛	20.12	8.23	9.56
10 My 10 Nv	Exch 10½pc '88	99⅛	4.10	10.60	10.75
14 Jun 14 D	Treas 9¾pc Cnv '88	96 13/16	—	10.07	10.62
1Ja 1Jul	Transport 3pc '78-88	81⅝	25.11	3.68	8.06
25Ap. 25Oct	Treas. 9½pc '88	95	19.9	10.00	10.85

Five to Fifteen Years

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
22Aug. 22F	Treasury 11½pc 1989	101 7/16xd	16.1	11.29	11.01
14 Dc 14 Jn	Treas 10½pc 1989	100 5/16	7.11	10.67	10.88
1 Feb 1 Aug	Exch 10pc 1989	97⅝	—	10.40	10.94
15Ap 15Oct	Treasury 5pc '86-89	84¼	8.9	6.05	8.97
15Jul. 15Ja.	Treasury 13pc 1990‡‡	108¼	9.12	12.07	11.17
22Sept 22Mar	Exch. 12½pc 1990	110⅝	16.8	11.83	11.18
15D 15Jun	Treasury 8¼pc '87-90‡‡	91¼	8.11	9.16	10.43
—	Treas 10pc Cv '90 (£20pd)	20⅝	—	10.39	10.80
10Jul 10Ja	Treasury 11¾pc 1991	103½	5.12	11.47	11.23
5Oct. 5Ap.	Funding 5¾pc '87-91‡‡	85¼	1.9	7.08	9.42
25Ap. 25Oct.	Exch. 11pc 1991	102¼	19.9	11.07	11.10
22Jul. 22Ja.	Treasury 12¾pc '92‡‡	108½	16.12	11.83	11.24
21Aug. 21Fb.	Treasury 10pc 1992	95¾xd	16.1	10.46	10.83
25Fb. 25Aug.	Exch. 12¼pc '92	104⅞xd	19.1	11.64	11.28
22Mar. 22S	Exchequer 13½pc '92	116½	16.8	12.14	11.41
14 Jan 14 Jy	Treasury 12½pc '93‡‡	108¼	8.12	11.64	11.21
15Mar. 15S	Funding 6pc 1993‡‡	75½xd	7.2	7.89	9.94
23May 23N	Treasury 13¾pc 1993‡‡	117¾	17.10	12.05	11.28
1 Mar 1 Sep	Treasury 14½pc '94‡‡	119⅛xd	24.1	12.10	11.18
27O 27Ap	Exchequer 13½pc 1994	116⅞	20.9	11.96	11.33
22F 22Aug	Exch. 12½pc 1994	107¼xd	16.1	11.62	11.26
17May 17N	Treasury 9pc '94‡‡	92¼	11.10	9.99	10.59
25Jul 25Ja	Treasury 12pc '95	105½	19.12	11.44	11.21
1N 1May	Gas 3pc '90/95	63¼	26.9	4.81	8.19
21Ja 21Jul	Exch. 10¼pc 1995	96¼	15.12	10.72	10.93
15May 15N	Treasury 12¾pc '95‡‡	113⅞	10.10	11.51	11.08
22Jul. 22Ja.	Treas. 14pc '96	118¼	16.12	11.92	11.30
15S 15Mar	Treasury 9pc '92/96‡‡	89½xd	7.2	10.01	10.50
3N 3May	Treasury 15¼pc '96‡‡	130½	27.9	12.08	11.24
15 My 15 Nv	Exchequer 13¼pc '96‡‡	118⅛	16.12	11.54	11.00
1Ap 1Oct	Redemption 3pc 1986-96	67½	25.8	4.52	7.06
22Jul 22Ja	Treasury 13¼pc '97‡‡	115⅝	15.6	11.51	11.02
21Aug 21F	Exchequer 10½pc 1997	97½xd	16.1	10.74	10.83
1Mar 1S	Treasury 8¾pc 1997‡‡	86⅝xd	24.1	10.05	10.57
27Ap 27Oct	Exch. 15pc 1997	130½	20.9	11.98	11.22
July 19 —	Exch 9¾pc '98 (£25pd)	24½	—	10.39	10.58
1N 1May	Treasury 6¾pc '95-98‡‡	76	26.9	9.11	10.25
30Mar 30S	Treas. 15½pc '98‡‡	137¼	24.8	11.79	11.09
20May 20N	Exch. 12pc 1998	110⅞	14.10	11.10	10.88
15Jul 15Ja	Treasury 9½pc 1999‡‡	93⅝	9.12	10.26	10.48

Over Fifteen Years

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
26S 26Mar	Exch. 12¼pc 1999	114⅝	22.8	11.12	10.86
19N 19May	Treasury 10½pc 1999	101⅝	13.10	10.59	10.61
—	Convers'n 10¼pc 1999	99⅝	—	10.54	10.59
14Ja 14Jul	Treas. 13pc 2000	117⅞	8.12	11.13	10.79
22N 22May	Treas. 14pc '98-01	124¼	17.10	11.56	11.03
22Jul 22Ja	Exch. 12pc '99-02	110	16.12	10.90	10.73
25Ja 25Jul	Treas. 13¾pc 2000-03	123	19.1	11.24	10.82
19S 19Mar	Treasury 11½pc '01-04	112⅞	15.8	10.62	10.45
14Ja 14Jul	Funding 3½pc '99-04	48⅞	8.12	7.20	9.08
21May 21N	Treasury 12½pc '03-05	119⅞	17.10	10.68	10.44
5Ap 5Oct	Treasury 8pc '02-06‡‡	85¼	1.9	9.65	9.90
22Jul 22Ja	Treasury 11¾pc 03-07	111⅝	16.12	10.59	10.41
26S 26Mar	Treas. 13½pc '04-08	130¼	22.8	10.79	10.48
10Mar 10S	Treasury 5½pc '08-12‡‡	60¼xd	2.2	9.00	9.46
26Jul 26Ja	Treasury 7¾pc '12-15‡‡	81¼	20.6	9.52	9.65
12 Jun. 12D	Exch. 12pc '13-'17	120¾	7.11	10.11	10.02

Undated

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
1F. 1Aug.	Consols 4pc	39⅞	27.6	10.06	—
1Jun 1D	War Loan 3½pc‡‡	36⅛	25.10	9.88	—
1Ap. 1Oct.	Conv. 3½pc '61 Aft.	44¼	25.8	8.15	—
5Ap 5Oct	Treasury 3pc 66 Aft.	31¼	1.9	9.98	—
5 JaApJulOc	Consols 2½pc	25¼	1.12	10.01	—
1Ap 1Oct	Treasury 2½pc	25½	25.8	10.17	

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NOTES

or ranking only for restricted dividend.
Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
No par value
B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	76	+4	Fin. 13% 97/02	£97½	+¼
Craig & Rose £1	900		Alliance Gas	85	
Finlay Pkg. 5p	46		Arnott	217	
Higsons Brew	82	-2	CPI Hldgs	92	
Holt (Jos.) 25p	890		Carrol Inds.	120	
I.O.M. Stm. £1	125xd	+3	Hall (R. & H.)	62	
			Heiton Hldgs	25	
IRISH			Irish Ropes	54	
			Jacob (W. & R.)	66	
Exch. 12% 1985	£99		T M G.	70	
Nat 9¾% 84/89.	£86⅛	+¼	Unidare	77	

For Bridgewater see Property

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld	35
BOC Grp.	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	38
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr	20	**Oils**	
Burton Ord	38	Midland Bank	42		
Cadburys	11	N.E.I.	10	Bristol Oil & Min.	6
Courtaulds	11	Nat. West. Bank	56	Brit. Petroleum	35
Debenhams	14	P & O Dfd.	22	Burmah Oil	16
Distillers	20	Plessey	20	Charterhall	8
Dunlop	5	Racal Elect.	18	Premier	5
Eagle Star	60	R H M	7	Shell	50
F N F C	6½	Rank Org. Ord	19	Tricentrol	20
Gen Accident	42	Reed Intnl	34	Ultramar	60
Gen Electric	17	Sears	8		
Glaxo	75	T I	14	**Mines**	
Grand Met	30	Tesco	16		
G U S "A"	55	Thorn EMI	55	Charter Cons.	22
Guardian	45	Trusthouse	16	Cons. Gold	50
G K N	16	Turner & Newall	8	Lonrho	8
Hawker Sidd	32	Unilever	75	Rio T. Zinc	58

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CURRENCIES MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Waiting for judgment

BY COLIN MILLHAM

It was a rather confusing week on the foreign exchanges, when certain factors suggested the dollar might have moved quite sharply, but the U.S. currency tended to move within a fairly narrow range in nervous trading.

Sentiment appeared to move against the dollar, and there was much talk about important chart points, especially the DM 2.73 *level below which* the dollar could be expected to fall sharply.

But the market has seen so much speculation in the past about a weaker dollar, which has so far proved untrue, that there is a greater reluctance to take any firm view about the timing of a dollar fall. Any trader who stayed with the currency in 1983 made money at the expense of those who did not.

The dollar may remain firm *for 1984 as well, because of the* need to fund the Federal Budget deficit during a Presidential election year, when the prospects of reducing the deficit by cutting social spending or raising taxation are more remote than usual.

But at the same time there was a growing feeling last week that the dollar may have peaked, amid signs of international funds being drawn away from Wall Street by the attractions of the German equity market.

There were several factors which in the past would have led to a firmer dollar, including the sharp deterioration of *conditions* in the Lebanon, and indications that U.S. interest rates are likely to remain firm for some time.

According to Mr Paul Volcker, *chairman of the Federal Reserve* Board there was no change in monetary policy at the January meeting of the Federal Open Market Committee, but the minutes of the December meeting showed that firmer rates had been considered.

This did not lend any great support to the dollar however, because in Mr Volcker's testimony to Congress last week he spoke about the dangers of the Budget and trade deficits, and warned that the U.S. could become a major international debtor.

The dollar was therefore left in a state of limbo, not yet knowing which way to go, and still waiting for the final judgment.

£ in New York

	Feb. 10	Prev. close
Spot	$1.4170-4180	$1.4160-4170
1 month	0.07-0.09 prm	0.07-0.07 dis
3 months	0.22-0.24 prm	0.21-0.22 dis
12 months	0.93-0.97 prm	0.87-0.91 dis

£ forward rates are quoted in U.S. cents discount.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4140	1.4148	1.4163	1.4183	1.4235
D-Mark	3.8825	3.8721	3.8505	3.8185	3.7604
French Franc	11.9450	11.9917	12.1146	12.2785	12.6092
Swiss Franc	3.1650	3.1489	3.1206	3.0790	2.9975
Japanese Yen	332.0	331.3	329.7	327.1	322.5

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9709	+2.38	+1.99	±1.5447
Danish Krone ...	8.14104	8.17406	+0.41	+0.02	±1.6425
German D-Mark	2.24184	2.24459	+0.12	−0.27	±1.0842
French Franc ...	6.87456	6.90626	+0.46	+0.07	±1.4052
Dutch Guilder ...	2.52595	2.53109	+0.20	−0.19	±1.4964
Irish Punt	0.72569	0.727562	+0.26	−0.13	±1.6699
Italian Lira ...	1403.49	1382.03	−1.53	−1.53	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

BANK OF ENGLAND TREASURY BILL TENDER

	Feb. 10	Feb. 3		Feb. 10	Feb. 3
Bills on offer	£100m	£100m	Top accepted rate of discount	8.8643%	8.8643%
Total of applications	£626.95m	£586.585m	Average rate of discount	8.8550%	8.8517%
Total allocated	£100m	£100m	Average yield	9.05%	9.05%
Minimum accepted bid	£97.79	£97.79*	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	22%	25%			

THE POUND SPOT AND FORWARD

Feb 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4100-1.4195	1.4135-1.4145	0.05-0.10c dis	−0.64	0.20-0.25dis	−0.64
Canada	1.7575-1.7680	1.7615-1.7625	0.05-0.15c dis	−0.68	0.23-0.30dis	−0.60
Nethlnd.	4.36-4.39½	4.36½-4.37½	1¼-¼c pm	3.09	3¼-3¼ pm	3.29
Belgium	79.20-79.80	79.35-79.45	6-16c dis	−1.66	48-58 dis	−2.67
Denmark	14.09-14.18	14.12-14.13	2-2¾ore dis	−2.02	6¾-7¾ dis	−1.96
Ireland	1.2565-1.2635	1.2565-1.2575	0.27-0.35p dis	−2.93	0.83-0.96dis	−2.85
W. Ger.	3.87-3.90	3.87½-3.88½	1¼-¾pf pm	3.09	3¾-3 pm	3.35
Portugal	192.25-194.75	193.25-193.75	220-625c dis	−20.00	660-1255dis	−19.59
Spain	220.75-222.00	221.10-221.30	165-185c dis	−9.49	545-575dis	−10.13
Italy	2,381-2,398	2,384-2,386	15-17 lire dis	−8.06	48½-50½dis	−8.34
Norway	10.89½-11.02½	10.98-11.00	3¾-4ore dis	−3.82	10½-10½ dis	−3.80
France	11.92-11.99½	11.94-11.95	4¼-5c dis	−4.77	15¼-17¼dis	−5.69
Sweden	11.41½-11.49½	11.44-11.45	1¼-3¼ore dis	−2.10	4¼-5¼ dis	−1.70
Japan	330½-333½	331½-332½	0.80-0.70y pm	2.71	2.37-2.27 pm	2.79
Austria	27.22-27.47	27.30-27.35	7¼-6¾gro pm	3.07	22¼-18¼ pm	3.05
Switz.	3.14½-3.17½	3.16-3.17	1¼-1¼c pm	5.69	4¼-4½ pm	5.69

Belgian rate is for convertible francs. Financial franc 81.50-81.60. Six-month forward dollar 0.40-0.45c dis, 12-month 0.90-1.00c dis.

THE DOLLAR SPOT AND FORWARD

Feb 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4100-1.4195	1.4135-1.4145	0.05-0.10c dis	−0.64	0.20-0.25dis	−0.64
Ireland†	1.1210-1.1260	1.1245-1.1255	0.23-0.20c pm	2.28	0.65-0.55 pm	2.18
Canada	1.2460-1.2470	1.2460-1.2465	0.02c pm-par	0.10	0.03-0.01 pm	0.06
Nethlnd.	3.0860-3.1000	3.0900-3.0920	0.89-0.85c pm	3.64	2.97-2.87 pm	3.77
Belgium	56.14-56.32	56.14-56.16	5-7c dis	−1.28	29-33 dis	−2.20
Denmark	9.98½-10.02	9.98½-9.99½	par-½ore dis	−0.30	0.30-0.80dis	−0.22
W. Ger.	2.7355-2.7530	2.7430-2.7440	0.89-0.84pf pm	3.79	2.72-2.67 pm	3.94
Portugal	136.75-138.00	136.75-137.25	150-290c dis	−19.27	450-850dis	−18.98
Spain	156.30-156.65	156.40-156.50	115-130c dis	−9.40	360-390dis	−9.59
Italy	1,680¼-1,692	1,686¼-1,687¼	10-10½ lire dis	−7.36	31¼-32¼dis	−7.51
Norway	7.7650-7.7800	7.7675-7.7725	2.05-2.55ore dis	−3.56	5.90-6.40dis	−3.17
France	8.4200-8.4700	8.4475-8.4525	2.50-2.80c dis	−3.77	10.00-10.60dis	−4.89
Sweden	8.0825-8.1225	8.0925-8.0975	¼-1¼ore dis	−1.48	2¾-2¾ dis	−1.11
Japan	234.15-234.95	234.60-234.70	0.70-0.63y pm	3.40	2.02-1.92 pm	3.36
Austria	19.31-19.40	19.31¼-19.32¼	5.90-5.30gro pm	3.47	18-16 pm	3.51
Switz.	2.2290-2.2415	2.2365-2.2375	1.22-1.18c pm	6.43	3.52-3.48 pm	6.25

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.65-57.70.

OTHER CURRENCIES

Feb. 10	£	$		£ Note Rates
Argentina Peso	38.50-38.58	27.24-27.34	Austria	27.25-27.55
Australia Dollar	1.5190-1.5210	1.0704-1.0745	Belgium	81.50-82.30
Brazil Cruzeiro	1,569.0-1,578.6	1,110-1,116	Denmark	14.10-14.24
Finland Markka	8.2825-8.3085	5.8675-5.8705	France	11.90-12.02
Greek Drachma	144.70-145.10	102.20-102.50	Germany	3.87-3.91
Hong Kong Dollar	11.02¼-11.03¼	7.7900-7.7920	Italy	2375-2405
Iran Rial	126.10*	88.65*	Japan	329-334
Kuwait Dinar (KD)	0.4145-0.4155	0.29355-0.29385	Netherlands	4.36¼-4.40¼
Luxembourg Fr.	79.35-79.45	56.14-56.16	Norway	10.94-11.05
Malaysia Dollar	3.3085-3.3145	2.3380-2.3395	Portugal	191-202
New Zealand Dlr.	2.1610-2.1660	1.5280-1.5300	Spain	219-230
Saudi Arab. Riyal	4.9575-4.9640	3.5100-3.5105	Sweden	11.43-11.54
Singapore Dollar	3.0150-3.0210	2.1310-2.1325	Switzerland	3.14¼-3.17¼
Sth African Rand	1.7640-1.7660	1.2475-1.2490	United States	1.40¼-1.42¼
U.A.E. Dirham	5.1865-5.1940	3.6720-3.6730	Yugoslavia	193-204

*Selling rates.

CURRENCY MOVEMENTS

Feb. 10	Bank of England Index	Morgan Guaranty Changes %
Sterling	81.4	−9.4
U.S. dollar	130.2	+18.2
Canadian dollar	92.1	+0.5
Austrian schilling	114.7	+3.2
Belgian franc	89.4	−11.8
Danish kroner	78.3	−6.1
Deutsche mark	125.4	+7.7
Swiss franc	148.4	+12.1
Guilder	114.4	+4.3
French franc	66.0	−15.6
Lira	48.4	−13.7
Yen	155.6	+18.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Feb. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.735392	0.578080
U.S. $	8½	1.04058	0.817405
Canadian $	10.00	[illegible]	1.01873
Austria Sch.	3¾	N/A	15.8495
Belgian Fr.	10	58.5066	45.9709
Danish Kr.	7	10.4110	8.17405
D'mark	4	2.85815	2.24459
Guilder	5	3.22060	2.53109
French Fr.	9½	8.78874	6.90625
Lira	17	1759.62	1382.03
Yen	5	243.912	191.600
Norwgn Kr.	8	8.09675	6.36145
Spanish Pta.	—	162.695	127.801
Swedish Kr.	8½	8.43078	6.62997
Swiss Fr.	4	2.32225	1.82379
Greek Dr'ch	20½	106.540	83.5960

*CS/SDR rate for Feb 9: 1.29944.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.17	90.23	90.16	90.24
June	89.73	89.79	89.72	89.80
Sept	89.41	89.46	89.41	89.49
Dec	89.13	89.21	89.13	89.21
March	88.86	—	—	88.94

Volume 2,847 (2,508)
Previous day's open int. 11,939 (11,819)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
March	90.70	90.73	90.70	90.72
June	90.42	90.42	90.41	90.42
Sept	90.22	90.22	90.21	90.20
Dec	90.06	—	—	90.06
March*	89.96	—	—	89.96

Volume 307 (395)
Previous day's open int. 5,861 (6,066)
* £500,000 points of 100%.

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	108-10	108-13	107-28	107-25
June	107-17	107-19	107-07	107-01
Sept	107-01	107-01	106-27	106-16
Dec	106-20	106-20	106-19	106-01
March	106-07	106-09	106-07	105-18

Volume 3,700 (9,943)
Previous day's open int. 4,102 (3,837)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 20 to 32 32nds.

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4160	1.4175	1.4128	1.4240
June	1.4182	1.4200	1.4160	1.4260
Sept	1.4205	1.4221	1.4205	1.4290

Volume 294 (287)
Previous day's open int. 2,291 (2,268)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3668	0.3666	0.3645	0.3671
June	0.3703	0.3703	0.3677	0.3707
Sept	0.3736	0.3736	0.3725	0.3741

Volume 205 (130)
Previous day's open int. 457 (483)

SWISS FRANCS
SWFr 125,000 $ per SWFr

	Close	High	Low	Prev
March	0.4503	0.4506	0.4492	0.4536
June	0.4574	—	—	0.4606
Sept	—	—	—	—

Volume 101 (31)
Previous day's open int. 153 (145)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4274	0.4283	0.4270	0.4291
June	0.4312	—	—	0.4329
Sept	—	—	—	—

Volume 66 (30)
Previous day's open int. 305 (307)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev
Mar	70.02	70.12	70.01	70.16
June	69.14	69.23	69.14	69.28
Sept	68.27	69.04	68.27	69.09
Dec	68.10	68.17	68.10	68.23
Mar	67.26	68.04	67.26	68.07
June	67.11	67.20	67.11	67.24
Sept	66.29	67.05	66.29	67.10
Dec	66.16	66.26	66.16	66.29

U.S. TREASURY BILLS (IMM) $1M POINTS OF 100%

	Close	High	Low	Prev
Mar	90.95	90.97	90.93	90.98
June	90.58	90.61	90.57	90.63
Sept	90.30	90.33	90.28	90.36
Dec	90.07	90.09	90.05	90.12
Mar	89.87	89.87	89.93	89.90
June	89.70	89.70	89.66	89.73
Sept	89.64	89.55	89.49	89.55
Dec	89.38	89.38	89.33	89.37

CERT DEPOSIT (IMM) $1M POINTS OF 100%

	Close	High	Low	Prev
Mar	90.36	90.42	90.33	90.42
June	89.86	89.95	89.85	89.96
Sept	89.49	89.55	89.49	89.59

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev
Mar	89.89	89.92	89.87	89.95
Jun	89.43	89.48	89.42	89.51
Sept	89.10	89.16	89.09	89.19
Dec	88.81	88.88	88.80	88.91
Mar	88.53	88.59	88.53	88.61
Jun	88.29	88.34	88.31	88.36

STERLING (IMM) $s per £

	Close	High	Low	Prev
Mar	1.4170	1.4235	1.4125	1.4165
Jun	1.4190	1.4250	1.4150	1.4185
Sept	1.4215	1.4270	1.4230	1.4210
Dec	1.4240	1.4290	1.4195	1.4235
Mar	1.4265	1.4300	1.4225	1.4260

GNMA (CBT)
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Mar	69.05	69.13	69.03	69.17
Jun	68.06	68.14	68.04	68.18
Sept	67.11	67.18	67.08	67.23
Dec	66.19	66.27	66.19	67.00
Jun	65.12	65.20	65.12	65.25
Sept	64.28	65.04	64.28	65.11
Dec	64.14	64.22	64.28	64.29

WEEKLY CHANGE IN WORLD INTEREST RATES

	Feb. 10	change		Feb. 10	change
LONDON			NEW YORK		
Base rates	9	Unch'd	Prime rates	11	Unch'd
7 day interbank	9¼	+⅛	Federal funds	8⅞	+1/16
3 mth interbank	9 1/16	+1/16	3 Mth. Treasury Bills	9.03	+0.10
Treasury Bill Tender	8.8550	+0.0033	6 Mth. Treasury Bills	9.09	+0.12
Band 1 Bills	9 1/16	Unch'd	3 Mth. CD	9.50	+0.10
Band 2 Bills	9	Unch'd	FRANKFURT		
Band 3 Bills	8⅞	Unch'd	Lombard	5.50	Unch'd
3 Mth. Treasury Bills	8⅞	Unch'd	One Mth. Interbank	5.60	−0.025
1 Mth. Bank Bills	9 1/32	Unch'd	Three month	5.975	Unch'd
3 Mth. Bank Bills	8 31/32	Unch'd	PARIS		
TOKYO			Intervention Rate	12	Unch'd
One month Bills	6.15625	−0.0625	One Mth. Interbank	12.3125	Unch'd
Three month Bills	6.28125	Unch'd	Three month	12.3125	Unch'd
BRUSSELS			MILAN		
One month	10¾	Unch'd	One month	17 11/16	Unch'd
Three month	11⅛	Unch'd	Three month	17 11/16	Unch'd
AMSTERDAM			DUBLIN		
One month	5⅞	+1/16	One month	12⅝	+⅛
Three month	6 1/32	+1/32	Three month	12⅝	+⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8⅞.

EXCHANGE CROSS RATES

Feb. 10	Pound St'rling	U.S. Dollar	Deusche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.414	3.883	332.0	11.945	3.165	4.373	2385.	1.762	79.40
U.S. Dollar	0.707	1.	2.744	234.7	8.450	2.237	3.091	1687.	1.246	56.15
Deutschemark	0.258	0.364	1.	85.51	3.077	0.815	1.126	614.3	0.454	20.45
Japanese Yen 1,000	3.012	4.259	11.69	1000.	35.98	9.533	13.17	7184.	5.307	239.2
French Franc 10	0.837	1.184	3.250	277.9	10.	2.650	3.661	1997.	1.475	66.47
Swiss Franc	0.316	0.447	1.227	104.9	3.774	1.	1.382	753.6	0.557	25.09
Dutch Guilder	0.229	0.323	0.888	75.93	2.732	0.724	1.	545.5	0.403	18.16
Italian Lira 1,000	0.419	0.593	1.628	139.2	5.008	1.327	1.833	1000	0.739	33.29
Canadian Dollar	0.568	0.802	2.203	188.4	6.779	1.796	2.482	1354.	1.	45.06
Belgian Franc 100	1.259	1.781	4.890	418.1	15.04	3.986	5.507	3004.	2.219	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅛-9¼	9⅜-9⅝	9¼-9¾	5¾-5⅞	2⅜-2½	5⅛-5⅝	11¾-12	15½-17	8½-9	8½-9	5 11/16-6	10¾-11¼
7 days' notice	9⅛-9¼	9½-9¾	9½-9¾	5¾-5⅞	2¼-2⅜	5 7/16-5 9/16	12-12¼	16⅜-17⅛	10¼-10½	10¼-10½	5 11/16-6	11⅛-11⅝
Month	9¼-9 5/16	9⅝-9⅞	9½-9¾	5⅞-6	3 3⅛	5⅜ 5½	13⅛-13⅜	17⅛-17⅞	11-11½	10¾-11	6⅛-6¼	11 1/16-11 5/16
Three months	9⅜-9 7/16	9¾-10	9⅝-9⅞	5 13/16-6 1/16	3 7/16-3 9/16	5¾-5⅞	14⅞-15⅛	17⅝-17⅞	12-12½	11¼-11½	6⅜-6½	11-11½
Six months	9 7/16-9⅝	9⅞-10⅛	9¾-10	6 1/16-6 5/16	3 7/16-3 9/16	5 13/16-6 1/16	14⅞-15⅛	17½-18	12-12½	11⅜-11⅝	6 7/16-6 9/16	11-11½
One year	9 11/16-9⅞	10 3/16-10 7/16	10-10¼	6⅜-6½	3 11/16 4 1/16	6 1/16-6 5/16	15¼-15½	18-18½	11¾-12¼	11½-11¾	6½-6⅝	11⅛-11⅝

Asian $ (closing rates in Singapore): Short-term 9⅝-9¾ per cent; seven days 9 11/16-9 13/16 per cent; one month 9 13/16-9 15/16 per cent; three months 9 13/16-9 15/16 per cent; six months 9 15/16-10 1/16 per cent; one year 10⅛-10⅜ per cent. Long-term Eurodollars two years 11-11¼ per cent; three years 11⅜-11⅝ per cent; four years 11⅞-12⅛ per cent; five years 12⅛-12⅜ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

Another quiet week

Another quiet week on the London money market left short term interest rates almost unchanged. The only slight trend was for a firming of rates longer than three-months, but this amounted to only 1/16-⅛ per cent. The market remained in substantial overall shortage and the Bank of England provided a significant amount of its day-to-day help by way of repurchase agreements on bills.

Provisional UK money supply figures for January were published on Tuesday, but were much as expected and had little overall effect. A growth of *about ½ per cent in sterling M3* was regarded as mildly encouraging, but was well within expectations since the market had not anticipated figures as bad as December and October. Any optimism was offset by concern about the recent level of bank lending however.

> **UK clearing banks' base lending rate 9 per cent (since October 4 and 5)**

The major point of attention during the week was U.S. interest rates, and whether the recent attitude of the U.S. Federal Reserve and its chairman Mr Paul Volcker means that U.S. interest rates may go up at some point in the not too distant future.

Any effect of this on European rates, and London in particular, was open to debate, but the overall impression was that interest rates on this side of the Atlantic should not be forced higher unless higher U.S. rates result in a sharply appreciating dollar.

In New York there was little movement in the Federal funds overnight rate from around the 9½ per cent level, but the Federal Reserve added substantial reserves, and at the beginning of the week announced its monetary growth targets for 1984, although these caused no surprise.

Continental interest rates were very steady apart from a firming of Belgian rates as the franc came under pressure at the bottom of the European Monetary System. On Monday the Belgian National Bank raised the interest rate on one and two month Treasury bills. This was followed by steady central bank intervention on the foreign exchanges to keep the Belgian currency within its lower intervention level against the strong D-mark.

MONEY RATES

Feb. 10	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	11¾	1½ 2½	5¾-5⅞	6.03125	17¾-18⅛	5.55	12⅝-12⅞
One month	5.55-5.65	12¼-12⅜	3-3⅛	5 13/16-5 15/16	6.15625	17⅝-18	10⅝-10⅞	12 9/16-12 13/16
Two months	5.85-6.00	12¼-12⅜	—	—	—	—	—	12 9/16-12 13/16
Three months	5.90-6.05	12¼-12⅜	3⅜-3½	6-6 1/16	6.28125	17¾-18⅛	11¼-11½	12 9/16-12 13/16
Six months	6.05-6.20	12½-12⅝	—	6 1/16-6 3/16	—	—	11⅜-11⅝	12⅛-12⅜
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 10 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8¾-10	9-9⅛	9-9¼	8½-9¼	—	—	—	—	—
2 days notice	—	—	9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9 1/16-9¼	9⅛-9¼	9⅛	9-9⅛	—	—	—	—	—
One month	9 1/16 9¼	9¼-9 5/16	9¼	9⅜-9½	9-9⅛	9	8 31/32	9-9 1/32	8 31/32-9	9⅝
Two months	9 3/32-9 3/16	9 3/32-9 5/32	9 3/16	9⅝	9-9⅛	8 15/16	8⅞	8 15/16-8 31/32	8 29/32-8 15/16	9 15/32
Three months	9⅜-9 7/16	9⅜-9½	9⅜	9⅝	9-9⅛	8⅞	8 27/32	8⅞-8 29/32	8 27/32-8⅞	9 15/32
Six months	9 7/16-9⅜	9 15/32-9 17/32	9½	—	—	—	—	8 27/32	8 25/32-8 13/16	9 15/32
Nine months	9 9/16 9 19/32	9 19/32-9 21/32	9¾	—	—	—	—	—	—	—
One year	9⅝ 9 11/16	9⅞-9 15/16	9¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅜-9⅝	—	9 7/16	9.55-9.65	8 11/16-8 13/16	9 1/16-9⅜
Two months	9¾-9½	—	9¼	9.55 9.65	8⅞-9⅛	9 3/16-9⅜
Three months	9¾-9½	—	9 7/16	9.6-9.7	8 15/16-9 1/16	9 3/16-9¾
Six months	9¼-9	—	9⅝	9.8-9.9	9 3/16-9 7/16	9¾-9 15/16
Nine months	9⅞-9½	—	9¾	9.9-10.1	—	—
One year	9⅞-9½	—	9 15/16	10.05-10.25	9⅜-9⅝	10-10 1/16
Two years	—	10½	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7 1984 (inclusive): 9.453 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rate for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rates of discount 8.8550 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 9½ per cent, three-six months 9¾ per cent; six-12 months 10¼ per cent. Under £100,000 9¾ per cent from February 6. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10¾-10½
Fed funds	9⅛
No fed intervention	—

Treasury Bills

One month	8.80
Two month	8.90
Three month	9.05
Six month	9.12
One year	9.12

Treasury Bonds

Two year	99 27/32
Three year	99 11/32
Four year	99 9/32
Five year	99 7/32
Seven year	100¼
10 year	99 11/32
30 year	100 11/32

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. February 10)

3 months U.S. dollars	
bid 9 13/16	offer 9 15/16

6 months U.S. dollars	
bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.